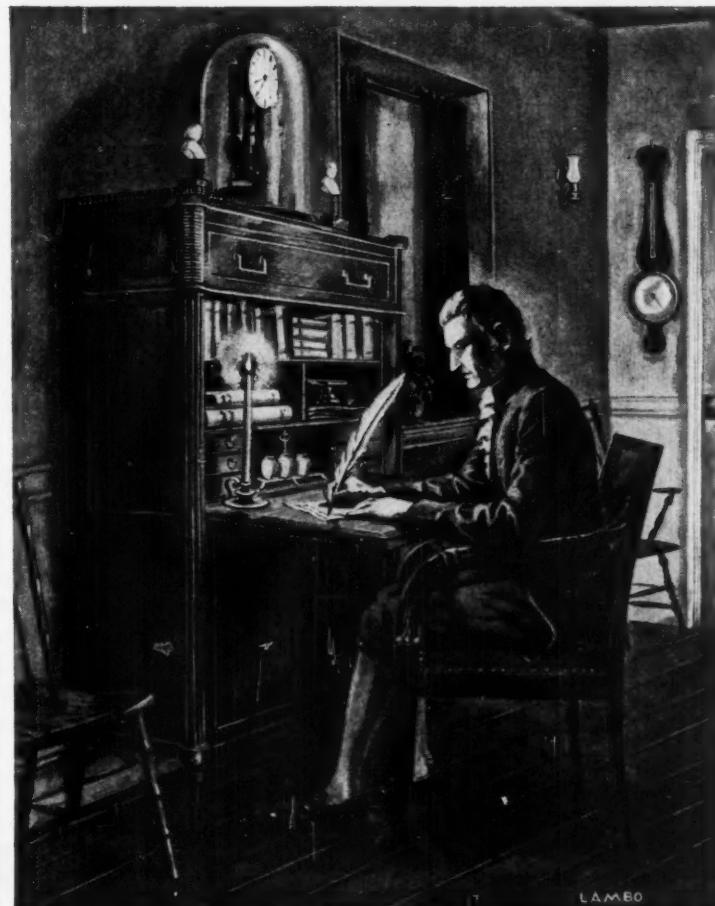
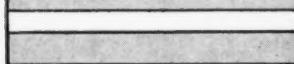


The NATIONAL UNDERWRITER

Democracy in the Making



THE MONROE DOCTRINE . . . When James Monroe delivered his presidential message to Congress on December 2, 1823, he said in part,

"We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system to any portion of this Hemisphere, as dangerous to our peace and safety."

These forty-seven words, known as the Monroe Doctrine, have been accepted without modification through the years by the people of the United States as the cornerstone of American foreign policy, even though Congressional action has never confirmed them.

Our sincere endeavor to adhere to the principles of democracy as exemplified in the American Agency System has gained the respect and confidence of the Agents of America which is a cherished asset.



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THURSDAY, FEBRUARY 5, 1953



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GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

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THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

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Fire Business in 1953 Will Be About Like Last Year

Volume Expected to Dip Slightly, Competition to Rise; U. & O. Developments

NEW YORK—The fire business in 1953 is going to be about the same thing as it was in 1952, executives say, except that volume is liable to be a little less, losses about the same or a little heavier, and competition a little sharper. Rate decreases, which are still being made and are likely to continue, will have a mild influence on the downturn in volume, especially for those companies with a considerable dwelling business.

There are apt to be some new developments in U. & O. this year as the business studies ways of expanding this field. Inland marine departments note a slightly increased competitive tempo.

An interesting sidelight on volume of all fire, casualty and ocean marine in one state is contained in a message to the legislature from Governor Dewey. He commented that premium taxes had about doubled since the fiscal year ended in 1948. That year they were \$4,560,907; 1948-49, \$5,594,299; 1949-50, \$5,382,325; 1950-51, \$5,623,489, and 1951-52, \$8,751,861. The estimate for the year ended in 1953 is \$9,100,000, for that ended in 1954 about \$8,600,000. These reflect more insurance, higher rates, particularly in casualty.

There are a lot of issues in the fire and marine business, and lately these have been quiescent but not settled or smothered. One is the package policy and what to do with it. This will break out again before too many weeks when, as is expected, those in the business who like the schedule cover-divisible premium approach move into the arena with a policy.

The problems involved in the package policy are far from satisfactorily resolved. Efforts, which are numerous if not weighty, weighty with premiums, that is, so far have been and are largely exploratory. It is estimated that there are at least 14 such packages in the dwelling field, where it is becoming clear the major influence and use of them will be. These are:

Atlantic Mutual's dwelling all risk policy, Chubb & Son's broad form dwelling and contents; Transportation Insurance Bureau's comprehensive dwelling endorsement, for mutuals; General of Seattle's dwelling broad coverage endorsements; American-Associated's comprehensive extended endorsement; Founders' homeowners' package; Manufacturers' Casualty's packet policy for homeowners; Fireman's Fund's special homeowners' comprehensive policy; North America's comprehensive policies (3); Multiple Peril Insurance Rating Org.'s A and B, and the Pacific Board's broad dwelling form, very comprehensive. Not all, probably only one or two of

(CONTINUED ON PAGE 22)

Barrett Wins O.K. in Illinois

Robert E. Barrett was confirmed by the state senate as insurance director of Illinois and J. Thor Wanless as assistant insurance director. The Republicans in the senate voted unanimously for Mr. Barrett and the Democrats voted "present". His appointment had been subject to a voluminous blast of adverse criticism in the news and editorial columns of some of the Chicago papers, notably Chicago Daily News and the Sun Times.

After his confirmation Mr. Barrett made public a written statement that he had read to the executive committee of the senate. He said that the charges that were made against him and his brother George Barrett, who was former attorney general of Illinois, "come from a provable embezzler. Neither of us is judgment-proof." He then went on to say that Alfred Holzman, who was the founder of Prudence Life, which subsequently became a Barrett property and of which R. E. Barrett was chairman, "whom some have dignified by giving the appearance of believing, stole securities from the assets of his policyholders and that is a fact which is not debatable or disputable."

"His latest business has been one designed to take from the state of Illinois cigarette taxes." Mr. Holzman, operating from Hammond, Ind., was selling cigarettes by mail to Illinois addicts.

"Anyone who wants to find the source from which these scurrilous Holzman charges come they might ask Jack Arvey and his errand boy, Barney Hodes, from whose office the whole vicious smear originated." Arvey is Democratic national committeeman from Illinois and Hodes is former Chicago corporation counsel.

H. A. Clark Is New Head of Cook County Bureau

Herbert A. Clark was elected president of Cook County Loss Adjustment Bureau at the annual meeting at Chicago Tuesday. C. H. Smith of Hartford Fire was the president, but had given notice that he wanted to be relieved. It was while this meeting was under way Tuesday morning that Mr. Smith died. The new vice-president is C. W. Ohlsen of Sun. Secretary-treasurer is the general manager A. B. Jones; assistant secretary is A. B. Kilburg and assistant treasurer Annabelle Derwent.

N.A.I.A. Course in S. D.

South Dakota Assn. of Insurance Agents will hold a school at Rapid City Feb. 19-21 on the public liability course offered by N.A.I.A. H. A. Jungbauer, manager of the general liability underwriting department of St. Paul-Mercury Indemnity, will be the instructor.

V. M. Armstrong of the Indianapolis law firm specializing in insurance known as Armstrong, Gause, Hudson & Kightlinger has been elected president of Indiana state police board. He has been on the board since 1944 and was formerly president from 1945 to 1949.

Charles H. Smith, Hartford Fire's Western Head, Dies

Charles H. Smith, vice-president and western manager of Hartford Fire and for years a key figure in western fire insurance organization affairs, died at St. Luke's hospital, Chicago, Tuesday. He awoke early that morning in discomfort, called his doctor and was taken to the hospital where he died a few hours later.

Charles H. Smith

Mr. Smith and President Charles S. Kremer of Hartford Fire had been together for the past two weeks or so. They had gone from Hartford to Atlanta for a visit and then had traveled to Chicago. Mr. Kremer had left Chicago Monday afternoon for the east.

During recent years Mr. Smith had suffered three heart attacks that kept him away from the office for lengthy periods. Last year in July he was stricken at Lima, O., while on a trip with Assistant Manager Philip S. Beebe and returned to his desk last fall.

Burial will be at Rochester, N. Y., where Mrs. Smith was buried about a year ago.

Mr. Smith had firm principles in the fire insurance field and he had a fine command of language in correspondence and in conference and on the platform. He occasionally consented to appear before gatherings of local agents and he always had something significant to say.

He was born at Dalton, Pa., Feb. 11, 1885, and started at New York in 1907 as an inspector for Underwriters Bureau of the Middle and Southern States. His Hartford Fire connection dated from 1910 when he became an inspector at the head office. Then in 1916 he was transferred to Chicago as superintendent of the special risk department. He was promoted to assistant general agent in the western department in 1923; he became associate general agent in 1932. From 1938 to 1945 he was a member of the firm of Smith & Wheeler, managers of the western department, and since the retirement of Clem Wheeler in 1945 he had been the western manager.

He was president of Western Underwriters Assn. 1940-42 and then he was chairman of the governing committee for several years. He was president of Western Factory Insurance Assn. 1938-1944 and he had been chairman of the western regional advisory committee of F. I. A. several years. He was a past president of Oil Association. He had been a member of Subscribers Actuarial Committee since 1936; he had been a member of the supervisory committee of Rocky Mountain Fire Underwriters Assn. since 1946, trustee of Underwriters Laboratories since 1944, director of Underwriters Salvage Co. of Chicago since 1946; director of Western Adjustment since 1946, member of executive committee of Cook County Loss Adjustment Assn. Bureau and of Western Hail & Adjustment Assn.

Loss Record of 1952 Analyzed By Western Adjustment

Storm Loss Pressure Eased—Fire and I. M. Losses at Peak

Western Adjustment in 1952 handled 587,648 losses, General Manager Ben M. Butler reported at the annual meeting at Chicago Tuesday. This was the largest number of any year except 1950 when there were 420,148 wind-storm losses alone.

E. A. Henne, America Fore, the president, and the other officers were re-elected at the annual meeting Tuesday. The slate was not changed to remove the name of C. H. Smith as vice-president even though word of his death that morning reached the group just before the meeting got under way. That news cast a pall over the proceedings, as he had been a powerful influence in the organization. Mr. Butler is executive vice-president and secretary; R. A. Sellery treasurer; J. H. Burlingame Jr., and R. M. Ryan assistant secretary-treasurers. H. W. Rutledge was re-elected assistant secretary and five other senior members of the organization were also given that title, they being D. G. Stentz, M. W. Whitelaw, J. L. Sybrant, Jr., G. S. Corcoran and W. R. Luehring.

The directorate was increased to 20 and W. L. Nolan of North British and W. A. Rattelman of National Union were added to the board. Rush Carter of Aetna Fire was elected a director replacing Harry Mountain; G. F. Thomas of Phoenix of Hartford went on for Col. Perrin Cothran and M. E. Peterson, Springfield F. & M., for J. C. Harding. The last named, who is on a Hawaiian trip, was elected an honorary director.

Fire losses numbered 192,208 and were the largest in history, comparing with 174,980 in 1951. Inland marine losses also were at a new high numbering 41,766. There were 87,089 automobile losses which was a decline of about 6,000 and windstorm losses were 260,082 as against 268,768. There were 6,503 casualty losses. This department was organized during 1951.

There were 565 business interruption losses and of these 178 were more than \$5,000 and accounted for 93% of the total and developed paid losses of \$8,835,481, (against property loss of \$14,821,355). This was well in excess of the total amount of B.I. losses paid during the entire 4½ war years. The B.I. loss on 71 of those over \$5,000 and on 85 of those under \$5,000 exceeded the property loss. The average B.I. loss was \$16,918 which was more than double the average of the war years.

The average coinsurance deficiency as reflected by 85 losses over \$5,000 was the lowest yet, being 10.68%. However, the extra expense coinsurance deficiency was at the highest point being 22.66%. There were 181 rent (CONTINUED ON PAGE 12)

Estimate Losses in Houston Storm at \$500,000-\$2 Million

DALLAS—Windstorm and extended coverage losses in the Houston area as a result of the storm last week-end have been estimated tentatively at \$500,000 on about 5,000 claims, according to information reaching here. On the other hand a Houston estimate quadruples those figures, placing insurance losses at \$2 million on 20,000 claims.

Company men declare that reliable information is still too fragmentary to arrive at a conclusion. Adjusting services point out that windstorm and E.C. policies at Houston carry the \$100 mandatory deductible.

Chicago Salvage Company Holds Annual Meeting

Officers were reelected at the annual meeting of Underwriters Salvage Co. of Chicago Tuesday, headed by E. A. Henne of America Fore, president. C. H. Smith of Hartford Fire was reelected a vice-president before news of his death reached the meeting. The other vice-presidents are Herbert Clark of Firemen's and Marvin B. Brownlow, the general manager. John McGregor is secretary and L. W. McNally assistant secretary.

W. S. Whitford, Millers National; Clarke Smith of Royal-Liverpool and H. W. Miller of Commercial Union were added to the directorate. M. E. Peterson of Springfield F. & M. went on the board for J. C. Harding who is an honorary director; Kenneth Hatch went on for A. F. Powrie, who was also designated as an honorary director; Rush Carter of Aetna Fire took the place of Harry Mountain and George Thomas of Phoenix of Hartford replaced Col. Perrin Cothran.

Premiums of General of Seattle Higher by 11%

The premiums of the General of Seattle group last year recorded an 11% gain over 1951. The premiums totaled \$77,250,000. The assets are now \$131,788,492 which was an increase for the year of \$15,797,632. The earnings were \$41.97 per share as compared with \$36.99 in 1951.

New Portsmouth Enterprise

Valley Adjustment Co. has been organized at Portsmouth, O., to operate in eight southern Ohio counties and later in the Kentucky counties of Lewis

and Greenup. The principals are W. A. Bowman, Jr., who was with Western Adjustment at Portsmouth eight years and R. L. Lodwick, who was with Western Adjustment there two years and prior to that was Portsmouth manager of Retail Credit Co. five years.

Extent of Insurance Loss in European Storm and Flood Is Uncertain

In connection with the European storm and flood losses, marine underwriters expect some losses on retrocessions, as a result of damage to goods on docks and in warehouses, particularly in England, but they won't have an idea about the extent of their losses until next week.

In areas behind dikes in the low country of Holland and Belgium there is said not to be as much exposed in the way of warehoused merchandise.

In England the comprehensive dwelling cover is similar to American extended coverage except that it does include flood and undoubtedly there will be a big insurance loss because hundreds of dwellings were destroyed along the east coast. This will fall on the English market almost entirely, it is said.

Heintz Retires; Beers R. R. Expert for Western Adj.

W. L. Heintz, supervisor of the railroad department and a Western adjustment 27 year veteran, was feted at a luncheon at Chicago attended by 33. He is being succeeded as railroad superintendent by Duncan H. Beers.

At the luncheon for Mr. Heintz, Ben Butler, general manager of Western Adjustment, presided. He was presented with a set of luggage by Railroad Insurance Assn., with a radio by Railway Underwriters, and with an engraved wrist watch by Mr. Butler. Mr. Heintz previously had been with the American Appraisal Co., Lloyd Thomas Co., and was an appraisal engineer for Armour & Co. After several years of general adjusting, he began to specialize in railroad work, and subsequently became supervisor of the railroad department. He was an authority on diesel equipment and on railroad transportation systems.

Mr. Beers started with Western adjustment in 1929. He saw service at Appleton, Green Bay, Madison and Racine, Wis., and was manager at St. Paul from 1947 until last fall when he was transferred to Chicago as assistant to Mr. Heintz. He is a graduate of University of Wisconsin.

Ill. Department Advisory Group Said to Be Named

The advisory committee for the Illinois insurance department which is being set up for the first time, at the instance of Gov. Stratton, will consist, it is understood, of H. G. Kemper, president of Lumbermen's Mutual Casualty, chairman; Charles E. Becker, president of Franklin Life of Springfield; Roy Tuchbreiter, president of Continental Casualty and Continental Assurance; Adlai Rust, president of State Farm Life and executive vice-president of State Farm Mutual Automobile, and James B. Wescott of the Chicago law firm of Miller, Gorham, Wescott & Adams. That firm does counsel work for a number of insurance organizations including Lansing B. Warner reciprocals, Blue Cross and Kemper.

U. S. Court of Appeals Decides Against Dubuque

A \$12,000 question of whether inland marine policy cover includes property in buildings adjacent to railroad tracks appears to have been answered by U. S. court of appeals in a reversal of a 1952 decision for Dubuque F.&M.

An account of the case was given in the March 13 issue of THE NATIONAL UNDERWRITER, in which it was stated a suit was instituted by Merchants Despatch Transportation Corp. and Northern Refrigerator Line (both subsidiaries of the New York Central System) to recover \$13,230 which was the claim for fire loss on building contents at Mitchell, Ill.

There was separate insurance on the buildings, but the insured contended that Dubuque F.&M. was liable for property damaged or destroyed while contained within buildings which were near or adjacent to the railroad tracks.

Federal Judge J. Sam Perry at Chicago disallowed the insured's claim to the extent of \$12,940 on the ground that the policy did not cover property while located in any of the buildings. Judgment was entered for \$290, the actual cash value of the property destroyed by fire that was located outside of the buildings.

In reversing this decision the appeals court ordered that Dubuque pay the full amount, including court costs and interest from Feb. 15, 1952. Petition for rehearing was denied last month.

Toplis & Harding Makes Several N. Y. Changes

Toplis & Harding, Wagner & Glidden, New York office has elected M. S. Whitson vice-president, W. S. Lenox resident secretary and G. C. Taylor resident assistant secretary. A. R. Jones is manager of the non-marine casualty department.

Messrs. Whitson, Lenox, Taylor and Jones are in the non-marine division of the New York office.

R. V. Corsgreen has been elected assistant vice-president. He is associated with Theo Holm, vice-president and director of the Lloyds agency and marine division of the New York office.

Arrange for N.F.P.A. Rally

Elmer Reske, manager of Cook County Inspection Bureau, has been appointed general chairman, in charge of local arrangements for the convention of National Fire Protection Assn.

at the Palmer House, Chicago, May 18-22. Frank McAuliffe, chief of the Chicago Fire Insurance Patrols, heads the entertainment committee; Dale Auck, Federation of Mutual Fire Insurance Companies, and Norman Davis, Underwriters Laboratory are co-chairmen of publicity and promotion.

Middle Atlantic C.P.C.U. Officers Are Reelected

Middle Atlantic C.P.C.U. chapter at its annual meeting reelected the entire slate of officers.

James Wilson, Jr., Lumbermens Mutual Casualty, Philadelphia, is president; Eldridge J. Freeman, Freeman, Toro & Co., vice-president, and John H. Yourtee, Fire Association, secretary-treasurer. A. Hawthorne Cridle, Ostheimer-Walsh, Inc., and A. Lawson Potter, New Amsterdam Casualty, were reelected directors.

George Whitford, secretary of Fire Association, will speak at the February meeting "Determining Business Interruption Values".

Mr. Cridle has been named general chairman for the annual meeting and seminar of the National Society, which will be held Sept. 15-18 at the Bellevue-Stratford hotel, Philadelphia.

Kuffel Joins U.S.F. & G.

Charles P. Kuffel has been named state agent in charge of fire and allied lines for U. S. Fidelity & Guaranty at Omaha. He is a fire protection engineering graduate of Illinois Tech, and was with Missouri Inspection Bureau before joining National Union. Later he was with American in Indiana.

N.A.I.C. Group Named

SAN FRANCISCO—James F. Crafts, president of Fireman's Fund is chairman of the industry committee for the N.A.I.C. convention here June 8-12, and his fellow members are:

K. K. Bechtel, president Industrial Indemnity; H. W. Brower, president Occidental Life; Asa V. Call, president Pacific Mutual Life; Franck C. Colridge, manager, Pacific Board; Robert E. Dawson, president California Assn. of Insurance Agents; W. F. Gaynor, president Pacific Indemnity; M. F. Gruhn, Lumbermen's Mutual Casualty; Ralph L. Inglis, president Founders Fire; Francis V. Keesling, chairman West Coast Life and president Insurance Federation of California; O. J. Lacy, president California-Western States Life; T. E. Leavey, president Farmers Insurance Exchange; Laurine Loustau, president Insurance Brokers Exchange of California; John R. McKee, president California Casualty Indemnity Exchange; Victor Montgomery, president Pacific Employers; John L. Mylod, president Pacific National Fire; Henry E. North, vice-president Metropolitan Life; Frank H. Spencer, president California Ins. Co., and coast manager Commercial Union; Harry J. Stewart, president West Coast Life; Harry J. Volk, V.P. Prudential; R. Edward Wood, president California Assn. of Life Underwriters.

Atherton Joins American Aviation in Chicago Post

Wayne Atherton has been named manager of the fire department of American Aviation & General at Chicago. He succeeds W. F. Heine, who has gone into the local agency business on the southwest side of Chicago.

Mr. Atherton has for several years been state agent in Illinois for Commercial Union.

Cadwallader Makes Change

John E. Cadwallader has resigned as assistant manager of the Massachusetts Bonding at St. Louis to open a bond department at Pittsburgh for American-Associated.

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He knows that insurance primarily provides indemnity . . . that it cannot replace lives lost or original property destroyed. Therefore, he strives ceaselessly for the reduction and elimination of all hazardous conditions. His experience and knowledge play a major role in community safety. And, more often than not, his recommendations, when acted upon, provide the basis for reduced insurance rates.

More than 10,000 local agents ably serve their communities through associations with one or more members of The American Insurance Group.

Another in the series of advertisements highlighting the most important and distinguishing qualities that determine a good insurance agent. This series is based on literature prepared by the National Association of Insurance Agents.

1946
THE AMERICAN INSURANCE GROUP
Newark, New Jersey

The American Insurance Co. • Bankers Indemnity Insurance Co. • The Jersey Fire Underwriters

Canadian Pacific Line Placed 60% in British Markets, 40% Retained

Because Canadian Pacific renewed the insurance on the burned liner Empress of Canada Jan. 1, there was no opportunity to arrange for reinsurance. Canadian Pacific placed about 60% of the insurance in the British market and retained 40%.

The total loss will be £864,000. As a total loss, 60% of the hull insurance and 15% of the balance of £480,000 will be payable. The ship was insured against ordinary risk for £1,200,000 and for £300,000 to cover various disbursements.

The vessel will probably be declared a total loss and abandoned to underwriters. Liability for removing the ship is presently complicated. Salvage of the vessel is normally an underwriter responsibility. However, if the vessel is moved by port authorities, or blown up because it is a navigation hazard, it becomes the owner's liability. It will require nearly one year and £100,000 to condition the liner to be towed away.

Hoosier Issue Raised

The Indianapolis Times has made something of a to-do over the fact that four local agents who were strong supporters of Governor Craig of Indiana in the recent election have taken over the handling of much of the state's insurance. Those named are Linn S. Kidd of Brazil, who was Craig's campaign manager and who is a former president of Indiana Assn. of Insurance Agents; Harry Fitch of Terre Haute, Glenn J. May of Spencer and K. D. Brosnan of Indianapolis.

Set U.&O. Meet at Austin

A meeting on business interruption insurance is to be held at Austin Feb. 11 under the sponsorship of Austin Insurance Exchange, Texas Insurance Fieldmen's Assn. and Texas Insurance Advisory Assn. J. G. McCorkle, Glens Falls, will lead off with a discussion of policies and forms. Walter Boston of General Adjustment Bureau will discuss loss adjustments under the contract and Joe Vincent of the Franks-

Vincent agency at Bryan will talk about selling methods. There will be a question and answer period with Robert Heidrick, Austin local agent, as moderator. There will be other such conferences this spring at San Antonio, Houston and probably Corpus Christi.

Rate Probe Resolution Introduced in Arkansas

LITTLE ROCK—A resolution to investigate fire and workmen's compensation rates because, as the resolution states, "there have been no recent rate reductions," has been introduced in the Arkansas legislature by Senator John Cloer, Springdale, asking for a 5-member senate investigating committee. It was referred to the senate insurance committee.

Two bills to hamstring the workmen's compensation commission were introduced in the house. One would make the commission's decisions reviewable by the circuit courts as to fact as well as law by permitting "trials de novo" of compensation rulings. The other would make all prime contractors, under their workmen's compensation coverages, responsible for injuries of employees of all sub-contractors, independent contractors, and any other persons employed on a project. Casualty men were quick to point out that it would be almost impossible to underwrite workmen's compensation in Arkansas with this kind of provision.

A house bill would authorize suits against insurance companies either directly or as co-defendants. Arkansas courts forbid this procedure and have held consistently that liability suits must be in the name of the responsible third party only.

Insurance this year is presenting a united front—on legislation—through a joint legislative committee which operates through the offices and facilities of Arkansas Assn. of Insurance Agents. Roy Thomas, association secretary-manager is acting as committee secretary.

Griffin to Great Am. in Ohio

Great American has appointed Paul L. Griffin as Ohio special agent with headquarters in the Union Commerce building, Cleveland. Since graduating from Ohio State he has been with Ohio Inspection Bureau.

Companies Win Suit on N. Y. Resort Hotel Loss

Seven insurers successfully defended a suit in Westchester county, N. Y., supreme court for recovery of \$139,414 damages resulting from two fires at a Katonah, N. Y., resort hotel in 1951. The insurers contended the fires were set or caused to be set by Idlewood Holding Corp., which operated the resort hotel, and that two of its officers intentionally swore falsely upon examination as to certain material circumstances bearing upon the origin of the fires. The jury's verdict for the insurers was unanimous.

The seven insurers were North British, Home, Aetna Fire, Hanover Fire, Hartford Fire, New Hampshire Fire and Sun. Sydney Syme and Irving Bland of White Plains were attorneys for the plaintiff, and insurers were represented by Herbert P. Polk and Frederick C. Pitcher of the New York law firm of Lowenstein, Pitcher, Amann & Parr.

Milton Bruenn, president of Idlewood, which owns a 39-acre tract near Katonah, filed the suit. He operated the premises as a convalescent and rest hotel at the time. The investigation by insurers established that the two fires, which occurred in buildings about 400 feet from each other, had independent and approximately simultaneous origins. The plaintiff's attorney admitted the fires were incendiary but argued that no one connected with the plaintiff's corporation had anything to do with them.

Attorneys for insurers brought out that Idlewood Corp. was in desperate financial straits at the time. Though no direct evidence linked officers of the corporation with the origin of the fires, insurers argued that the circumstantial evidence was inconsistent with any conclusion other than that the corporation had set the fires or caused them to be set with the intent of defrauding the insurers and extricating themselves from a hopeless mire of debts.

Insurers adduced that the year-round resort was unattended at the time of the fires, no guests were registered, no one was at the hotel to take telephone calls, although advertisements were currently appearing that it was open, and even those who normally would have been at the hotel were away from

it the four days preceding the fires. The upper windows and a door in one of the two buildings apparently were left open to create a draft to accelerate the fires. The place where the fire in one building originated, an unpaved portion of the basement, was saturated with kerosene.

N. Y. Brokers on Spot

Excess lines brokers in New York now realize they have on their hands the problem of getting the law extended under which they exist. It expires late this year. There were 64 such brokers licensed last year and they handled about \$4 million in premiums. The brokers have been urged from time to time by the state insurance department to form an organization, for the purpose of establishing standards of practice. This may now be done with the need of getting passed in the current legislature a bill to extend their existence through section 122.

Pittsburgh Cover Jeopardized

There is a possibility that the city of Pittsburgh may cancel much of its fire insurance coverage. Pennsylvania Economy League, Inc., recommended in December that the city should cancel its insurance. It charged that this has been a waste of money. According to newspaper accounts, Mayor David L. Lawrence, who in private life is an insurance agent, turned this report over to the city council on Dec. 22, indicating that he approved what it said. Now the director of lands and buildings has been asked to review the insurance and has indicated that he favors cancelling insurance with premiums of about \$15,000. He is quoted as saying he favors insuring costly machinery and laboratory equipment in a warehouse where the department of supplies has about \$60,000 of material.

According to the Economy League, the city had about \$13 million of insurance which had been awarded on a competitive bidding basis to a number of mutual companies including Hartford Mutual, Millers Mutual of Pennsylvania, Mount Joy, Lumberman's Mutual, Pennsylvania Mutual Fire and Atlantic Mutual.

FOR HARD TO PLACE RISKS

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Churchill Joins Stewart, Smith

Martin G. Churchill from the London office of Stewart Smith & Co., Ltd., has joined the office of Stewart, Smith (Ill.) Inc.

Mr. Churchill joined the London staff in 1946, and with an interval during which he served as an officer in the royal artillery, was engaged in the aviation and American non-marine departments before taking up duties as a broker in the room at Lloyds. Mr. Churchill arrived from London on the "Mauretania".

Compulsory Alternative Offered by A. C. Stevens

The suggestion by Allan C. Stevens, well known White Plains, N. Y. agent and head of Great Eastern Fire, of an alternative to compulsory automobile liability insurance is regarded in the casualty business as calling for insurance on the driver rather than the automobile, and to this insurers are on record as being opposed.

Mr. Stevens last week suggested the legislature require drivers of private passenger motor vehicles to show they have the required insurance before getting a new or renewed operator's license. Mr. Stevens points out that compulsory automobile insurance will not remove from the highways drivers who by their accident records have proved unworthy of a license but will force insurers to grant protection to many who are unworthy.

He puts his finger on one of the chief appeals of insuring the driver by pointing out that it is the driver that is principally responsible for the higher cost of insurance to all and that compelling the individual driver to insure would enable the state to keep the careless driver off the road. Requiring the individual to have insurance in order to drive would tend to make him more cautious, according to Mr. Stevens.

MacDonnell Joins Gresham

C. G. MacDonnell has joined the R. J. Gresham Co. adjustment firm of Las Vegas, in charge of fire and inland marine.

Mr. MacDonnell has been with Glens Falls as inland marine special agent in southern California, and before that was with American Foreign for four years, part of the time in the Philippines. He started with Travelers at Hartford in 1929.

Gov. Herter Feted

Gov. Emerson of Vermont was a featured speaker at a dinner Wednesday tendered by Insurance Society of Massachusetts to Gov. Herter of the Bay State. Kenneth W. Faunce of John C. Paige & Co. was toastmaster and Bayard Puckerman, Jr. of O'Brien, Russell & Co. was general chairman.

CPCU Panel on U & O in N. J.

The New Jersey C.P.C.U. is completing a clinic on business interruption and other time element lines, a four week project, held one night each week in Newark. A limited number of 40 agents, fieldmen, and adjusters, brought in their time element problems for discussion and the opinion of a team of executives including Nick Dekker,

America Fore; Drew Briner, General Adjustment Bureau; H. Earl Munz, Paterson agent; Addison Roberts, Fire Association; Leo E. Kietzman, American Group; B.P.L. Carden, National Board; Henry C. Klein, New York Underwriters, and P. M. Winchester, General Adjustment Bureau. Each session featured a board consisting of one production - underwriting specialist and one adjuster.

George T. Locke has moved from Jackson, Miss., to McQueen, Ark., to take over a local agency that belonged to his brother-in-law.

Springfield Promotes Lloyd Lee at Chicago

Lloyd R. Lee has been named superintendent of agencies at the western department of Springfield F. & M. group at Chicago. Mr. Lee has been with the Springfield for more than 30 years and has been closely associated with promotional activities. He was formerly assistant auditor and superintendent of the finance department.

W. W. Vincent Makes Change

Woodrow W. Vincent, formerly insur-

ance manager of General Aniline Film Corp., has opened a local agency at 132½ East Main Street, Lock Haven, Pa. He has also been an insurance broker and consultant at New York.

N. Y. F. I. R. O. Nominations

The following have been nominated to the governing committee of New York Fire Insurance Rating Org. for three years: John Glendening, Home; Lester Harvey, New Hampshire Fire; H. B. Collamore, National of Hartford; J. C. Evans, Great American, and H. C. Johnson, Royal-Liverpool.

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MARCH 21-22 SELECTED

Set Chicago Parley to Weigh Fate of Marine Definition

A meeting of the committee on definition and interpretation of underwriting powers has been scheduled for the Blackstone hotel, Chicago, March 21-22. This will be an important session and the question of amending the marine definition will be considered. A lot of water has gone over the dam since the definition was promulgated 20 or more years ago. There are those who want to see how it looks in relation to multiple line underwriting, whether it is observed more in the breach than in the observance, whether it is worthwhile to try to get up a new definition to which the states and most elements of the industry can subscribe and that will compel allegiance and respect.

The meeting of the blanks committee of National Assn. of Insurance Commissioners is to be held at the Commodore hotel, New York, March 29-April 2.

There is to be a meeting of the uniform accounting subcommittee April 1 at the Commodore at New York. There is an extensive agenda on this and Assn. of Casualty Accountants & Statisticians recommends that moving expenses should be included in the operating expense classification, rent items.

The zone 3 convention of N. A. I. C. has now been definitely set for April 23-24 at Henry Grady hotel, Atlanta, Ga.

D. C. Insurance Department Merger Opponents Heard

WASHINGTON—Representatives of the Washington Board of Trade and of insurance interests told District of Columbia government reorganization officials that they wanted the District insurance department to retain an independent status, rather than being merged into a department of commerce.

Schuyler Lowe, in charge of reorganization, reportedly indicated sympathy with that position. In view of the June 30 deadline for completing reorganization, an informal meeting with insurance representatives may be arranged in lieu of the formal hearing promised in behalf of the D. C. commissioners some time ago.

The insurance position was presented at this conference hearing by Vic Shinnerer, chairman, insurance committee Board of Trade, and E. J. Schmuck, general counsel of Acacia Mutual Life and chairman of the committee, named to represent insurance people in this connection.

New Higher Collection Rates

Insurers, which use collection attorneys on earned premium items rather frequently, are interested in the new set of rates to be charged by such attorneys for collection work. This is the first change in the scale since 1947, and it has been the contention of lawyers that their costs of operation have increased about 50% since that time.

The new scale, effective Feb. 15, is as follows: 18% on the first \$500; 15% on the next \$500; 10% on the excess of \$1,000; \$15 fees on amounts \$30 to

\$83.33; 50% on claims to \$30. These are collection rates and apply only to adjustments made amicably.

Office of price administration ordered decontrol on Dec. 17, 1952, and the new rates are published by Commercial Law League of America, which is composed about 85% of attorneys who do collection work.

New Handbooks Issued for Missouri and Oklahoma

New, up-to-date Underwriters Handbooks for Missouri and of Oklahoma have just been published by The National Underwriter Co. These Handbooks provide complete and up-to-date information on agencies, companies, field men, general agents, solicitors, groups and other organizations affiliated with insurance throughout these two states.

Premiums and losses by lines, with in these states, for all fire and casualty companies and life insurance paid for and in force for life companies, are also presented in special, statistical sections. Copies of either may be obtained from The National Underwriter Co. at 420 East Fourth street, Cincinnati 2, O., price \$12 each.



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That's the message of our national advertising. That's a "plus" you receive over and above the expert assistance from our large force of fieldmen. Are you taking full advantage of what we offer?

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N. Y. Insurance Law Unit Draws Crowd at Annual

NEW YORK—An all time record crowd attended the annual meeting of the insurance loss section of New York State Bar Assn. here, attracted by a panel of distinguished speakers on the subject of breaking the log jam in the courts and other features of the program.

Daniel J. Reidy, general counsel of Guardian Life, was elected chairman, succeeding Noel S. Symons, Buffalo; Joseph P. Craugh of Utica Mutual, vice-chairman, and Price H. Topping, Guardian Life, secretary. Elected to the advisory council from the 10 districts are James B. Donovan, New York; Joseph F. Hanley, New York; Donald Gallagher, Albany; William J. Herron, Malone; Francis J. Adler, Rome; William D. Kiley, Oneida; James M. Ryan, Geneva; James W. Mallman, Niagara Falls; James Dempsey, Peekskill, and Joseph F. O'Brien, Patchogue.

Harry Gair, well known plaintiff's attorney of New York City, was moderator of the panel. Speakers were Judge Arthur Vanderbilt, chief justice of the New Jersey supreme court; Judge Ira Jayne, presiding judge of the Wayne county circuit court, Detroit; and Judge James McNally, New York supreme court.

Justice Vanderbilt indicated that his plan for reducing congestion in New Jersey courts had succeeded and he thought it would succeed in New York also. Justice McNally said he thought application of the ideas in New York would be of great help, though there was some skepticism in the audience because of the greater congestion in New York City.

Justice Vanderbilt said the biggest single reason for the success of the plan in New Jersey was that it gave the presiding judge the power to assign judges wherever they were most needed and could do the best and the greatest amount of work. Judge Jayne said that conditions in a big city are more difficult than they are outstate.

The talk by Dr. Helpner on the responsibility of the pathologist as an expert in cases having an insurance interest was followed with close attention. He used colored slides to illustrate actual cases.

Dorphley Head of Puerto Rican Rating Bureau

C. Norman Dorphley, assistant manager of Insurance Rating Bureau of District of Columbia, has been appointed manager of the Puerto Rican Inspection and Rating Bureau and will take over that post Feb. 15. He has occupied his present position eight years.

For five years he was district secretary of the Middle Department Assn. of Fire Underwriters, four years on special assignment with the Middle Department, and four years district secretary at Johnstown, Pa. with that organization. Mrs. Dorphley and their son Paul will go to Puerto Rico with Mr. Dorphley.

Pittsburgh Day Plans

The general outline of meeting sessions for Pittsburgh Insurance Day March 10 has been decided upon. There will be an innovation in the form of a breakfast and then throughout the morning there will be two separate gatherings, one dealing with local agents' problems and the other

an automobile safety program presented by Pittsburgh Insurance Council for Accident Prevention. There will be a prominent speaker at the luncheon. In the afternoon there will be two more sessions, one concerning casualty, surety, fire and marine subjects in charge of company representatives and the other dealing with insurance affairs from the national standpoint with a number of principal company executives giving their views. The day will be topped off as usual by a banquet.

Braman and Taylor Are Upped by Meserole Group

Pacific Fire, Bankers & Shippers and Jersey of New York have advanced Seymour L. Braman from assistant secretary to secretary in charge of the automobile and inland marine underwriting departments. He will function under the supervision of Vice-president Russell Keep.

H. M. Taylor becomes assistant secretary in charge of the southern fire underwriting agency department under

the supervision of Vice-president S. G. Amerman.

Mr. Braman has been with the Pacific group since 1943 and Mr. Taylor since 1940.

Dover, N. H. Agents Elect

Eunice Wood has been elected president of Dover (N. H.) Insurance Agents Assn. Charles Webb is vice-president; Benjamin Orcutt, secretary, and Charles Cronin re-elected treasurer.

An advertisement similar to this appears in SATURDAY EVENING POST, January 17



"Washington Delivering his Inaugural Address"—April 30, 1789, in the old City Hall, New York. Painted by T. H. Matteson



Inauguration - 1789

When Washington took the oath as our first President, the United States was faced with the perils and uncertainties usual to a new nation, as well as the fact that our form of government—a federation of largely independent states—was an untried experiment, the lasting qualities of which many held in doubt.

As everyone now knows, the venture succeeded, and the country grew and prospered with the ensuing years. This result was not accidental. It was the outgrowth of work, sacrifice, careful planning, and conservation of resources. In this period of growth and expansion, the business of capital stock insurance played an important part.

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Propose 3-Way Compulsory Disability Plan in Mich.

LANSING, MICH.—The first bill introduced in the Michigan legislature is one to establish a compulsory disability benefit system in the state. The measure has strong sponsorship, its co-introducers being Senators Harry Hitler, veteran Lansing legislator and sponsor of much of the legislation in recent years liberalizing workmen's compensation benefits; Haskell Nichols, another veteran lawyer member from Jackson, and Leo Roy, Hancock agent and chairman of the senate insurance committee.

The bill would require all employers of four or more persons for 30 days or more annually to provide disability coverage under one of several alternative methods. Employers would contribute $\frac{1}{2}$ of 1% of wages, but not more than 30 cents weekly, with employers meeting the remaining expense. Employers might insure with licensed A. & H. carriers; self-insure, if financially qualified, or participate in a special fund created from 1% of payrolls of employers not otherwise providing for meeting the act's requirements. The fund would be fixed at an amount equaling .2 of 1% of wages paid from Jan. 1 to June 30, 1954, and employers could be assessed to bring the amount up to the standard if it proved deficient. Employers would be entitled to benefits, if disabled, on the basis of one-half of average weekly wage but not more than \$26 or less than \$10. Carriers would be required to pay administrative costs. The special fund would be in custody of the state treasurer and subject to examination by the insurance commissioner.

Machinery of administering the act would be under jurisdiction of the compensation commission. Employees would not be allowed to waive their rights to benefits.

Griggs to M. & M. at St. Paul

Benjamin G. Griggs is joining Marsh & McLennan at St. Paul as vice-president. He was formerly vice-president and treasurer of the food manufacturing firm of Griggs, Cooper & Co. He graduated from Yale in 1920 and attended Harvard graduate school of business administration. He was for several years chairman of the Red Cross at St. Paul; he is vice-president of St. Luke's hospital, a director of Minnesota Federal Savings & Loan Assn.; director of First Trust Co. of St. Paul; vice-president of St. Paul Academy; trustee of Macalester college; trustee of St. Paul Institute; past president of Minnesota Club; past president of Yale Alumni Assn. of Northwest and past president of University Club of St. Paul. He is a former vice-president of St. Paul Assn. of Commerce.

Dwyer and Sinclair Now Partners

The San Francisco insurance brokerage firm of C. S. Sinclair is now known as Sinclair, Dwyer & Co., with Jack H. Dwyer having been admitted to partnership. After coming out of the navy Mr. Dwyer was a group department special agent for Zurich and he has been with the Sinclair firm four years. Mr. Sinclair has been in the business 32 years. Mr. Dwyer is vice-president of San Francisco Junior Chamber of Commerce.

Dow and Kempf Advanced at Travelers Home Office

Vernon T. Dow has been elected vice-president of Travelers Indemnity, Travelers Fire and Charter Oak Fire. He has been a vice-president of Travelers since 1950, in charge of branch office administration.

He started with Travelers in 1919, and has served as assistant office man-



Vernon T. Dow



David L. Kempf

son-Franklin building at Chicago and has enlarged its personnel to facilitate the handling of its expanded nationwide operation.

The operating heads are Vincent S. McKerrow, president, and Thomas C. Anderson, vice-president.

Use of Premises as Polling Place Is Not Barred

The use of a filling station as a polling place does not constitute a "business operation not incidental and usual to the automobile filling station" so as to nullify the station's liability coverage, according to the St. Louis court of appeals in *Freese et al vs. St. Paul-Mercury Indemnity*, 7CCH (Fire and Casualty) 1055. On Nov. 2, 1948 this station at Kirkwood was used as a polling place and one of the voters fell and was injured. St. Paul-Mercury denied liability and insured proceeded with its own defense. The insured won out in the courts but had a \$500 lawyer bill to pay.

The court said that the act of the insured in permitting the use of a part of the premises as a polling place was not a "business operation". Such use, the court said, is somewhat analogous to a situation where a business man permits a church or school to hold a rummage sale or something of the kind on the premises. He is thus promoting good will and he is likely to sell something to persons that are attracted to the premises by these projects. The court said that a merchant in occasionally consenting to such use of his premises is not, therefore, engaging in a business operation not incidental to his regular business.

Earlier he was assistant office manager at Indianapolis, office manager at Camden and a branch office supervisor and assistant comptroller at home office. He is a son of L. J. Kempf, former Chicago manager of Travelers.

Sexton Agency Names Six

Four new vice-presidents have been elected by Charles W. Sexton Co. of Minneapolis. They are James P. Coleman, Jr., A. C. Fellows, Glenn E. Gulstrand and Howard J. Stokes.

Dale W. Huber is now manager of the casualty insurance department, and Warren A. Breckenridge, Jr., is in charge of inland marine.

Mr. Coleman has been with the Sexton Co. since 1933; Mr. Fellows since 1945 as marine manager. Mr. Gulstrand started in 1918, and formerly headed the fire department. Mr. Stokes started in 1928 and has been manager of the casualty department and an account executive.

N. Y. Cooperatives Elect

Raymond C. Peters of Rochester was elected president of New York State Central Organization of Cooperative Fire Insurance Companies at its annual meeting at Syracuse. He succeeds George W. Hunt, Interlaken. Earle B. Clark, Norwich, is vice-president; Rhodell M. Stanton, Greenville, secretary, and Mr. Hunt, treasurer.

Theft Bureau Annual

National Automobile Theft Bureau will hold its annual meeting in New York City, Feb. 20. Election of three officers, the annual report and other business are on the agenda.

Griffiths, Tate of Ill. Expands

Griffiths, Tate, Ltd., an Illinois corporation organized in 1951, correspondent for Lloyds London has moved into considerably larger offices in the Jack-

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Continental Auto Club Held to Be Operating as Insurer

LANSING, MICH.—Judge Salmon of Ingham county circuit court, has advised Commissioner Navarre that Continental Auto Club, Inc., operating in the Detroit area, has been engaging in the insurance business.

The so-called club had sought a declaratory judgment to set aside the commissioner's ruling that it was violating the code by operating without being authorized as an insurer.

The club had been selling membership at \$35, offering as "services" the furnishing credit for employment of counsel by members; representation in event of traffic violations or at inquests; assistance in connection with suspension or revocation of drivers' licenses; defense against reckless driving, manslaughter or similar charges arising out of automobile operation, and furnishing of bail bonds.

Citing a number of court decisions in Michigan and elsewhere, Judge Salmon found that these "services" were actually risks against which the club was in effect "insuring" its membership. The club's counsel had argued that the contract was not one of insurance, claiming the element of risk of loss was lacking and "that the risk shall not in any way be subject to control of the parties" to constitute an insurable risk.

Business Block Burns

Geneva, Illinois, is now minus the major part of one of its principal business blocks because of a half-million dollar fire. Completely destroyed were the First National Bank of Geneva, Ace Hardware store, Lance's barber shop, Averill Electric company and a frame dwelling. Of an undetermined origin, the blaze started in the rear of the hardware store. It spread rapidly with the aid of light east wind. Insurance cover will not begin to approach the estimated property damage.

G.A.B. Has Cal. Changes

Harry H. Sams, who has been with G.A.B. for 26 years, most of the time as manager at Bakersfield, Cal., is retiring for health reasons. After a period of rest, he will return to Bakersfield as general adjuster.

Donald M. Thomson of the Santa Monica office becomes manager at Bakersfield. He was with Western Adjustment before joining G.A.B.

Robert W. Bachman of the Los Angeles office has been made adjuster in charge at Palm Springs, Cal. to succeed W. J. Peschke, who has been transferred to Los Angeles. Mr. Bachman entered insurance loss work in 1946, and was with Harbor of Los Angeles before joining G.A.B. last year.

Wis. Dates Are Set

The mid-year meeting of Wisconsin Assn. of Insurance Agents is scheduled for May 14 at Hotel Loraine at Madison. The annual convention will be held at the Schroeder hotel at Milwaukee Oct. 19-21.

Plan Marquette Course

From Feb. 9 to May 25 Marquette University college of business administration at Milwaukee will conduct its second institute on property insurance and allied lines. Director is Stephen

A. Park, and instructors, chosen with the aid of Wisconsin Fire Underwriters Assn. and Wisconsin Public Relations Committee, include: S. Richard Due, Automobile; Peter Kelly, Home; Urban Krier, Wisconsin Assn. of Insurance Agents; Edward N. Lidgen, Aetna Casualty; William E. Mason, Travelers Fire; R. G. Mielke, National Fire; T. L. Mulcahy, National Fire; N. C. Narten, Fire Insurance Rating Bureau; P. F. Schrage, Aetna Fire.

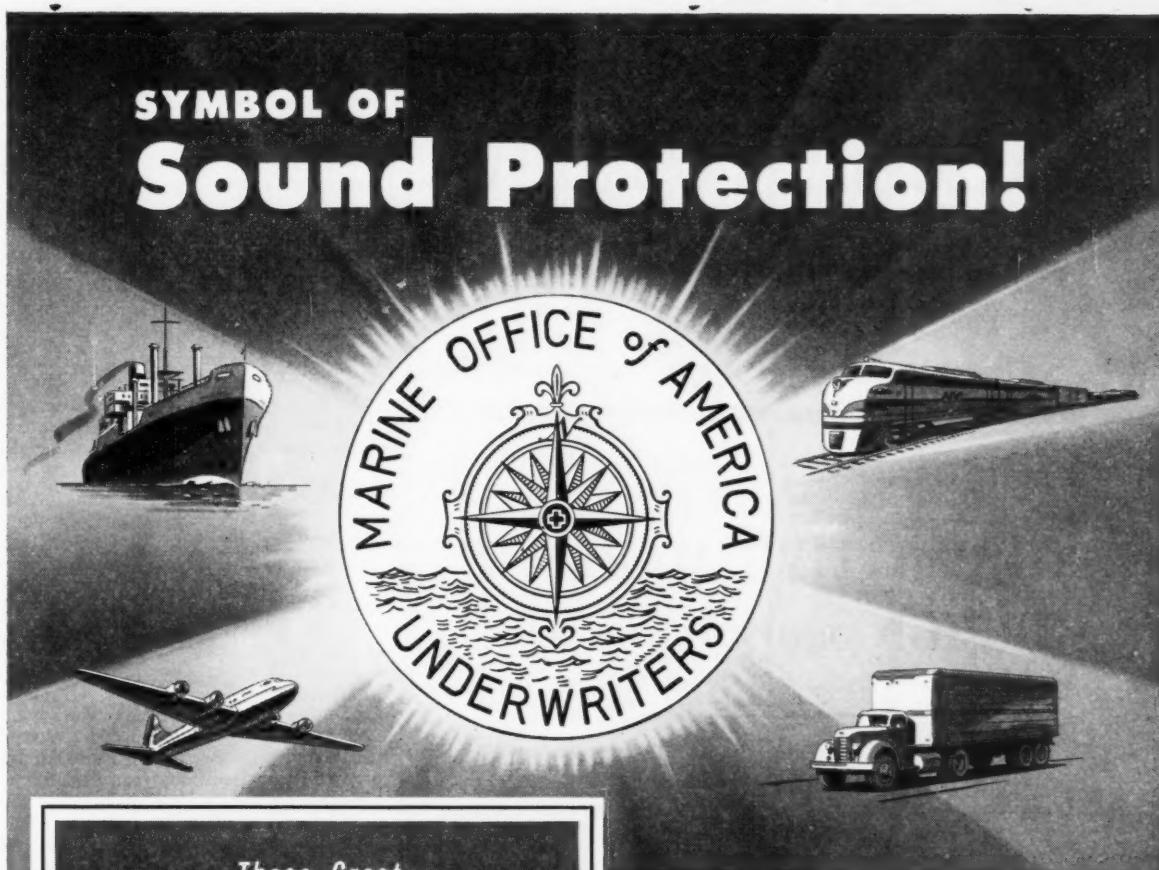
Committee Meets May 14

WASHINGTON—The U. S. Chamber of Commerce insurance committee will meet at New York May 14, which is the date of the annual Hemispheric Insurance Day luncheon there, it was announced after the committee met at New York last week. Clinton Allen, president of Aetna Fire, presided as chairman.

Also, last week, the committee's

social legislation committee meeting at New York decided on studies looking toward implementation of the new chamber declaration of policy in favor of making old-age and survivors insurance universal in application and to place the system on a pay-as-you-go basis.

Most of the discussion was on the new OASI policy. A. L. Kirkpatrick, manager of the insurance department, was named to a staff committee.



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Insurance Guide Prepared

A manual of insurance for Boys Clubs is about to be published. This will give the directors of clubs data and recommendations on insurance involved in the operation of a club. This was prepared by a committee of Boys Club directors and insurance men headed by James T. Haviland of Philadelphia, vice-president of James S. Kemper & Co. There are 350 clubs that are members of Boys Clubs of America. B. Stuart Weyforth, Jr. vice-president of James S. Kemper & Co.

at Chicago, was also a member of the committee. Insurance offices cooperating included Cosgrove & Co. of Los Angeles, Brown, Crosby & Co. of New York, Gladstone-Reich & Fuerst of New York, and James E. Thom of New York.

Burton A. French, secretary of Marsh & McLennan at Minneapolis, has been reelected treasurer of Greater Minneapolis Safety Council, in which he has been active for a number of years.

N. C. Rate Revision, AEC Adoption Under Advisement

RALEIGH, N. C.—Representatives of North Carolina Assn. of Insurance Agents urged that rates on dwellings and contents be kept in line, during a public hearing before Commissioner Cheek on the 1953 fire insurance rate revision proposed by North Carolina Fire Insurance Rating Bureau.

A reduction of 1 cent per \$100 in the rate on protected residences was proposed by the bureau, with no change in the rate on contents. Representatives of the agents pointed out that it has been the policy to keep these two rates together and urged that, if there is to be a differential, a study be made to determine just what it should be.

Commissioner Cheek took under consideration the entire filing, which proposes reductions estimated to total \$950,121 annually and increases estimated at \$2,721.

The bureau also asked the commissioner to approve an additional extended coverage form. He took that under advisement together with Transportation Insurance Rating Bureau's comprehensive dwelling endorsement, but the bureaus indicated an attempt would be made to get together before July 1 and work out one form.

Meanwhile, the rating bureau asked that its AEC endorsement be approved. The agents supported this request but proposed that consideration be given to development of an endorsement similar to the California form. North Carolina Assn. of Mutual Agents said it would like to see both the AEC and the comprehensive endorsements approved at this time.

Charles M. Close, Great American, chairman of the rating bureau governing board, said he would "be glad to arrange as expeditiously as possible a meeting of the governing board or a sub-committee of that board with representatives of Transportation Insurance Rating Bureau to attempt to work out one form of additional perils and coverages for dwellings which all members of the bureau can agree upon at a proper rate."

Mr. Close also invited both agents associations to submit their views in writing so they "may be given consideration at such a joint meeting or meetings."

The form agreed upon at the bureau conferences is to be submitted by July 1. If no agreement is reached, reasons for the failure will be filed with the commissioner by then.

Imig Sheboygan President

Sheboygan County (Wis.) Assn. of Insurance Agents has elected Adolph S. Imig, president; William Zeineman, vice-president; Frank J. Berch, secretary. The association is cooperating with the University of Wisconsin extension division in sponsoring a fire and casualty course at the Sheboygan vocational school.

Colburn Advanced in Mass.

Oliver L. Colburn, head of New England Fire Insurance Rating Assn.'s Boston metropolitan stamping division since 1948, has been named in charge of the combined eastern Massachusetts and Boston metropolitan divisions. The former was merged into the latter following the retirement of Julius S. Graves, who headed the eastern Massachusetts stamping division.

Mr. Colburn went with the rating

association in 1946 after naval service beginning in the schedule rating department.

New England Board Moves for EAU Representation

When company-agency conference procedure is considered at E.A.U. level, New England associations of insurance agents will insist on representation. New England advisory board so voted at its latest quarterly meeting.

Robert S. Preston, chairman of the board's conference committee, said agents have been handicapped because company officials attending New England conferences have already been over the same subjects with the conference committee of the Eastern Agents Conference—through E.A.U. He added that while two New Englanders are included on the committee, the agents have no choice in their selection.

Mariners to Hear Eckhouse

Robert D. Eckhouse, director of advertising, public relations and sales promotion of Babaco Alarm Systems, will speak at the Feb. 10 luncheon meeting of Mariners Club of Connecticut at Hartford on "Public Relations Aspects of Theft Prevention."

To Eye Role of Part-Time Buyer

One of American Management Assn.'s workshop seminars, to be conducted in New York April 8-10, will deal with responsibilities of the part-time insurance buyer. The importance to and relationship of buyer and insurance broker will be discussed, along with factors to be considered in use of self-insurance, deductibles and non-insurance. Important exposures will be reviewed in fire and allied lines, casualty, marine, and fidelity insurance. The pitfalls to be guarded against in coinsurance will be pointed out. Other subjects of discussion will be claims and adjustment procedure in settling losses, and the kinds of records that the buyer should have on hand and the reports he should issue to top management.

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February 5, 1953

Producer's Obligation to Notify Insured of Expiring Cover Is Studied

From J. E. Futerman, Chicago local agent:

I have read with interest the comment of Mr. M. L. Landis of Central Mutual in the Jan. 15 NATIONAL UNDERWRITER and am compelled to disagree with his interpretation of the responsibility of broker or agent.

Whether a policy is renewed automatically is of secondary importance. The fact that in practically every instance the assured depends upon the broker or agent to notify him by phone or mail of expiring insurance is more important.

When assured and broker or agent part company and irrespective of which side terminates the relationship, it is my considered opinion that there is both a legal and moral obligation to notify the assured of expiring insurance and as juries are composed of rank and file, their attitude would be that it is incumbent upon the broker or agent to notify the assured of expiring insurance.

It is a well established fact that the average assured does not keep a record of expiring insurance and depends upon the broker or agent for such information.

Since custom and practice are part and parcel of our economic fabric and since the responsibility of the broker or agent terminates only upon the expiration of the policy, I feel that where the broker or agent does not notify the assured of expiring insurance, whether or not the business will be renewed by such broker or agent, exposes them to a suit for negligence in every case.

Founders Yacht Policy Innovations Are Noted

Marine insurance experts have had a look at the redesigned and rephrased yacht policy of Founders of Los Angeles and note a number of changes. For instance, medical payments insurance is put by Founders into the form of the policy, whereas most other companies provide this by way of a special endorsement that gives a complete explanation of itself.

What in the standard policy is designated as the "latent defect and negligence clause" in the Founders contract is labeled "Inchmarae clause."

In the printed portion of the policy there is no provision for a different seasonal rate of premium earning. That is, the premium is earned at the same rate during the layup period as in the navigating season.

The Founders policy contains a deductible clause, whereas the standard policy has a franchise clause under which there is no deduction if the loss exceeds the amount of the deductible.

The Founders policy stipulates that the insurance is subject to English law and usage. This is not specified in the standard policy.

Hear Eagleton at Portland

W. H. Eagleton, superintendent of the bond department of Aetna Casualty at Portland, Ore., spoke on the "Three D" policy at a luncheon meeting of Portland Assn. of Insurance Agents.

Dahlstrom Agency Is Sold

Amanda J. Dahlstrom has sold her agency, the A. J. Dahlstrom agency of Minneapolis, to Mutual General agency of that city. Miss Dahlstrom was secre-

tary of Retail Merchants Mutual Fire of Minnesota from 1919 to 1933, and for 22 years was secretary-treasurer of Minnesota Assn. of Mutual Insurance Cos.

Buffalo Down-Graded

Buffalo has been dropped from grade 2 to grade 3 as a result of National Board's study of its fire facilities.

Fire Commissioner Becker has asked for a resurvey, which automatically stays any change in rating or insurance costs for the time being.

Beck Tells Doctors' Needs

L. Allen Beck, Denver, state national director of the Colorado association, has written an article for the Rocky Mountain Medical Journal entitled, "New Risks Bring New Insurance Forms." The first half of the treatment appears in the January issue and the article will be concluded in the February issue.

Mr. Beck reminds doctors of increased values, higher judgments and new forms of coverage. He was assisted in its preparation by the Denver

C. P. C. U. chapter, of which he is a member.

Utah Agency Adds Two

Van N. Spencer, formerly special agent for Glens Falls at Salt Lake City, has joined Transportation Insurance Agency of that city. Edward H. Miller has returned to that agency after a second tour of duty in the navy. Both attended University of Utah. Mr. Spencer was with Atlas at San Francisco and has also seen service with Home, as well as Glens Falls.



Most manufacturers, retailers and wholesalers have stocks of merchandise that change in value from month to month. For smart agents this fact can be a real money maker.

Take for instance Joe Scratch-the-Head up there. In January his stock is worth \$20,000, in March it's \$30,000, in July it's \$22,000 and in November it's \$35,000. His various insurance men haven't been too smart so he's done these four things with his insurance on stock over the years.

- (1) Carried \$35,000. Joe is real bright and he soon realized he was paying for insurance he didn't need most of the time.
- (2) Carried \$20,000. He had a loss that November and that lesson wasn't hay.
- (3) Carried \$25,000. This, he knew, was wrong on both counts.
- (4) Changed the amount ten times a year. The nuisance and the short-rate charges gave him ulcers.

WHAT TO DO ABOUT IT?

You know what to do about it. Write the man a reporting form. But are you *doing it*? . . . Many agents are going to town with this idea. It's money in the bank because these insureds pay off in a big way.

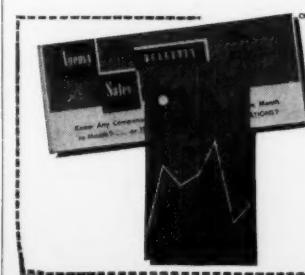
Recently we sent our agents a new Agency Sales Bulletin on General Cover and Reporting Forms. It gives a lot of

low-down on these forms, and our agents get what other information they need from their Security-Connecticut fieldmen. But actually these types of insurance aren't complex. You write it yourself if all locations are in your state. Many sales (except in New York) are single-location reporting forms—as simple to write as specific insurance. When our agents get into interstate problems there's the help of our General Cover Department.

The Agency Sales Bulletin suggests how to sell these forms, gives ideas on what to say in selling them. It includes a letter that can be used prior to calls on prospects. It offers an attractive three-color folder titled "If the Value of Your Stock Changes from Month to Month . . .".

And in addition there's an Agent's Record form that helps them serve their clients better.

Perhaps you'd like to see this current edition of our Agency Sales Bulletin and a sample of the folder. We'll be glad to mail them to you—no cost or obligation. Simply complete and send the coupon.



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Please mail me, without cost or obligation, a copy of your Agency Sales Bulletin and folder on Reporting Forms.

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Agency

Street

Town or City State

1952 Results of Western Adjustment Are Given

(CONTINUED FROM PAGE 1)
losses producing a total of \$33,787. There were four extra expense losses of more than \$5,000 furnishing claims of \$79,843; there were two contingent business interruption losses over \$5,000 which amounted to \$34,169. Except for the windstorm of Nov. 25-26 involving Illinois, Indiana and Michigan, 1952 was a comparatively light year with respect to windstorm losses. The catastrophe plan was used only four times compared to 27 operations the year before. The Nov. 25-26 storm produced about 70,000 losses.

An automobile loss procedure is going to be added to the storm manual. There was maintained a corps of 80 per diem adjusters although few of them worked on actual storm operations. Western continued their training by placing them in regular branches for refresher courses to supply them with additional bulletins and manuals. The program will be continued. This

is expensive but is a responsibility of company-owned adjusting organization.

Motor truck cargo losses again represented a large proportion of the inland marine work. There were a number of serious hijacking losses in the Chicago area with whisky, cigars and fresh meat constituting the most attractive loot.

Western's method of handling large bailee losses on a modified catastrophe basis has been successful and popular.

Fur losses have increased in frequency and amount, while jewelry and fine arts remain fairly constant.

Western inaugurated a new procedure for handling subrogation cases under which the responsibility rests with the adjusters. This makes the adjusters more alert and there is necessity for complete investigations during the course of adjustments. The adjusters realize the necessity of eliminating questionable cases and of analyzing each situation carefully.

The casualty division is being carefully and conservatively developed and

now there are experienced and qualified adjusters handling or supervising all casualty claims in 64 branches. Eventually there will be established a training school for casualty adjusters.

The work of the education and research department continues on an expanded basis. Every effort is being made to promote a sound public relations attitude on the part of the adjusters. Western has a complement of 900 adjusters in 235 branch offices.

In the field of fire losses in the \$50,000 bracket there were 4502 adjusted losses with an insurance claim of \$46,383,600 while in the bracket over \$50,000, 308 losses produced claims of \$51,145,400. That was 10% higher in number and in dollars than in any prior year. Metal workers with 44 serious losses led the list in claims which totaled \$8,336,900. Second were department stores, office buildings and other merchandise with 65 heavy losses and claims for \$7,313,000.

New Illinois Industrial Commission Is Named

S. J. Holderman, an attorney from Morris, is the new chairman of Illinois Industrial Commission. He replaces B. J. Knight, who has returned to the private practice of law at Rockford. Emil M. Caliendo, a candidate for municipal court judge at Chicago in the last election, is the employer representative, and D. W. Johnston, Taylorville attorney, represents labor. Bernard L. Barasa, Chicago attorney, is the secretary.

Two New G.A.B. Units

New offices have been opened by General Adjustment Bureau at New Bern, N. C., and Washington, Pa.

R. H. Hardman is adjuster in charge at New Bern. He joined G.A.B. in 1941 and most recently has been senior adjuster at Bluefield, W. Va.

James P. White is manager at Washington. He graduated from Duquesne university and joined G.A.B. in 1937. Since then he has been at Pittsburgh.

Buyers Clinic at Ind. U.

The annual insurance buyers clinic sponsored by the Indiana C. P. C. U. chapter will be held May 21-22 at the Indiana University school of business. Robert E. Myers is president of the Indiana chapter and John Phelan will be chairman of the event, with local arrangements under charge of Prof. J. Edward Hedgers of the university faculty. Indiana State Chamber of Commerce also is backing the event.

Ohio Farmers Annual Meeti

Ohio Farmers will hold its annual meeting at Leroy, O., Feb. 11. This is always a big affair, attended by most of the company's agents.

Advisory Council Named

Harry H. Fuller, president of Insurance Federation of Illinois, announces that its insurance advisory council is now organized. This council is composed of all phases and interests of the business, for the purpose of reviewing legislation.

Other than life insurance the delegates are: Assn. of Casualty & Surety Companies, Roy L. Davis; Assn. of Casualty & Surety Managers, Kyle E. Simpson, Home Indemnity; Chicago Board, Edwin T. Simon, Critchell Miller; H. & A. Underwriters Conference, C. O. Pauley, managing director; Illinois Assn. of Insurance Agents, Elmo G. Johnson, Associated Agencies, Chicago; Illinois State Chamber of Commerce insurance committee, Vernon G. Wahlberg; Insurance Brokers Assn. of Illinois, Robert G. Geigel, Chicago; Insurance Federation of Illinois, George H. Moloney, Hartford Accident; National Board, E. M. Griggs; Surety Underwriters Assn., L. U. Le-Messurier, Employers Liability.

Inland Mutual Reports

The annual statement of Inland Mutual of Huntington, W. Va., shows that gross writings for 1952 were \$1,700,000, an increase of 20%. Assets are \$2,669,000, an increase of 17%. Surplus is \$965,000, an increase 22%.

The company entered Kansas, Illinois, Iowa and Pennsylvania in 1952. It now operates in 20 states and District of Columbia. Inland Mutual specializes in the writing of financial responsibility risks, local and long haul trucks. L. A. Polk is secretary and general manager. Since he took over the management the growth has been rapid and substantial.

The Foremost Fire of Grand Rapids, Mich., has been admitted to Ohio. It is a stock fire insurance company.

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NOTE: We have prepared a brochure entitled "What Every Property Owner Should Know About Appraisals." It will be of interest to all insurance people. Just drop a line on your company letterhead and we shall send one on to you.

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Failure To Invoke Federal Statute Justifies Use of State W. C. Board Rules

The U. S. Supreme Court in South Buffalo Railway Co. versus Gertrude Ahern and New York State Workmen's Compensation Board, has held that failure of employer to invoke the federal employers liability act after repeated action by a state compensation board using permissive legislation as its authority, invalidates the recourse to the federal statutes.

While employed as a switchman by South Buffalo railway T. J. Ahern in 1944 suffered a coronary occlusion as a result of unusual physical exertion in attempting to throw a stuck switch. He filed a claim with the New York compensation board six months later, asserting disabilities caused by injuries sustained in the regular course of his employment. The railway company opposed the claim solely on the grounds that his injuries were not accidental and that his disability was not causally related to the injuries alleged. Ahern was awarded \$28 a week from the date of his accident and in 1946 to 1947 the board entered two further temporary disability awards.

A self-insured employer in accordance with the board's orders and without approval of the courts continued bi-weekly payments until December, 1948. Ahern died the next month of his heart condition. At a subsequent hearing to determine a final disability award, South Buffalo Ry. Co. disputed the board's jurisdiction, asserting that Ahern was engaged in interstate commerce and thus the federal employers liability act deprived the New York board of jurisdiction.

New York court of appeals upheld the award, citing a section of the New York compensation law under which state board could act in the event that claimant, employer and insurance company waive their admiralty or interstate commerce rights and remedies. The railway company attacked the constitutionality of that statute, stating that the appeals court decision translated the mere payment and acceptance of a single interlocutory compensation award into an irrevocable agreement by employer and employee to forsake their federal rights, giving them to a board not only without jurisdiction but whose rules of liability clash with the federal act.

In upholding the appeals court decision, the Supreme Court said that the compensation board had been permitted to render an award, and the railway's remedy under the federal act lapsed after it went 4½ years without contesting the board's acts. "Whether motivated by charity, dislike of litigation, or trial strategy, the railway made payments until the statute of limitations barred the employee's federal claim. Fully advised of its legal rights it submitted the controversy to the board. The New York court of appeals viewed these circumstances as estopping appellant from the assertion of a so long delayed change of heart," the court concluded.

Justice Douglas in a dissenting opinion said the state has no power to adopt a different standard of liability for personal injuries and may not force or permit insurers or employees to settle personal injury claims on a different basis than the federal act supplies.

A dinner was held for the executive and administrative staffs of the Kelly, Halla, Peacock agency of Detroit on the

30th anniversary of the opening of its first office. This was in the same spot at which the inaugural dinner was held 30 years ago. The original incorporators are still active and each has been in the business 40 years or more, they being Walter S. Halla, president and treasurer; Edwin B. Kelly, vice-president, and Henry W. Peacock, vice-president and secretary.

Brooklyn Leader Scores Acquisition Cost Critics

Max Rakofsky, in his presidential talk at the annual dinner meeting of Independent Insurance Brokers Assn. of Brooklyn, assailed those who condemn acquisition costs as being too high and especially those that argue that it is no task to produce automobile business and hence a lower commission is justified. Usually these "so called authorities" Mr. Rakofsky said, "are as far away from the production side of our business as New York is to California. They have forgotten the role we played well to increase the stature of the insurance companies to the point where today our industry is the second largest in scope and in importance in all the world." On the score of automobile insurance, he said the brokers are shouldered with untold expense to hold business and keep it away from the direct writers. This is a tremendous task, he said.

Highest N. Y. Court to Hear Broker Liability Case

New York court of appeals has agreed to review the decision of the lower courts that brokers must remit to the receiver of Preferred Accident, the premiums (less commissions) that they got from customers on Preferred policies before that company finally blew up. Charles Butler is attorney for Aaron Zanger, the broker in whose name the issue is being tested. The New York appellate division affirmed, without written opinion, the supreme court decision that the broker may not withhold any part of the premium he received prior to liquidation. The appellate division later denied a motion for leave to appeal.

The Zanger defense is being supported by Brokers Association Joint Council.

Merchants, N. Y., Ups Three

Merchants Fire of New York has elected Richard O. Miserole executive vice-president, Charles E. Anderson, vice-president, and Raymond Roser, secretary.

Mr. Miserole as vice-president has been in charge of the metropolitan, suburban and Pacific coast departments. Mr. Anderson as secretary has been in charge of the casualty operations. Mr. Roser as assistant secretary has been in charge of the accounting and statistical departments.

Conn. Agents Plan Panel

Connecticut Assn. of Insurance Agents has scheduled a panel of C.P.C.U.s to discuss standard fire and liability contracts for its midyear meeting, June 8 at Groton, Conn. Hugh W. Donovan, branch manager, American-Associated, will be moderator.

Ralph E. Dunn, who joined the Anton & Hammond agency of Des Moines in 1951, has become an officer of the agency and the name has been changed to Anton, Hammond, Dunn, Inc.



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Suggests Program As an Alternate to Compulsory

The automobile insurance business is so large that it provides a roomy framework for suggested solutions. The following is presented by an experienced insurance man:

He believes that agents and brokers in New York must put forth the extra effort necessary to insure the small percentage of car owners still without insurance, if compulsory is to be avoided in that state. Their further cooperation is necessary to improve the safety record with the object of getting off the road those whose records justify such action as a matter of public policy.

He does not believe that the unsatisfied judgment fund is an acceptable solution to the problem.

His program calls for the following:

Require agent to certify insurance on registration, or uninsured owner to use a distinctive registration form. Require agent to notify motor vehicle bureau within 24 hours of cancellation of insurance. Assigned risk plan for those declined by insurers.

Also publish list of voluntarily uninsured. Require voluntarily uninsured to have cars and driving records inspected quarterly. Require sworn statement from owners as to reasons for lack of insurance, these to be filed with the motor vehicle bureau.

Lufkin Insurer Sold

A. G. Nash and Beall Smith have sold their interests in Lumbermen's Lloyds of Lufkin, Tex. They had been the attorneys-in-fact. Lumbermen's Lloyds has specialized in workmen's compensation for lumber risks in the piney woods area of east Texas. The

new buyers are east Texas men. Nash and Smith also sold their interests in Lumbermen's Insurance Agency of Lufkin. About 90% of the Lumbermen's Lloyds business was written through this agency. George L. Wayland, who was formerly a junior partner in the agency, was the purchaser of the agency.

Nash and Smith say they are going to organize another insurance company. They will also continue to operate the A. G. Nash agency at Dallas, and the Nash agency at Port Arthur, Tex.

Lumbermen's Lloyds at Dec. 31, 1951, had assets \$279,061, surplus \$115,120, premiums written were \$337,520, losses incurred \$227,110, expenses \$109,264, loss ratio 69.7, and expense ratio 32.4.

No Claims Bonus Offered in Oregon on Auto P.H.D.

Louisville Fire & Marine through the Preferred General Agency of Portland is offering a no claims bonus plan on auto physical damage insurance in Oregon. There is a 10% credit in the rate to an insured with an accident-free record for one year and then there is an additional 5% for a second spotless year.

McLeod Heads Mass. Plan

Donald McLeod has been appointed in charge of the Massachusetts voluntary automobile assigned risk plan. Lawrence W. Scammon, actuary, continues as administrator of the plan, and Mrs. Elizabeth Edmester continues as assistant administrator.

Mr. McLeod has legal training but has not been in the insurance business. He helped organize Massachusetts draft boards and then served in the navy.

Maloney Starts Paying Preferred Accident Claims

Governor Warren of California has signed a senate bill relating to payment of dividends to claimants of Preferred Accident and Commissioner Maloney has started paying these dividends. Superintendent Bohlinger of New York already is paying claims of Californians who are not included in the Maloney list. Under this law, the California commissioner does not have to wait until the end of the statutory five-year period for payment of claims.

New Mass. Safety Group

Insurance Producers Council of Massachusetts, with backing of Governor Herter, is planning to set up a continuous highway safety plan for the state. While the organization is still in the formative stage, it is hoped that a definite program will be ready within a few weeks for formal presentation to the governor.

Frank F. J. Connors of Kaler, Carnery, Liffler & Co. of Boston, is chairman of the new committee, which includes representatives from Boston Assn. of Casualty Insurance General Agents, Boston Board, Insurance Brokers Assn. of Massachusetts, and Massachusetts Assn. of Insurance Agents.

Locy Heads Mich. Group

Frank W. Locy, Standard Accident, has been elected president of Casualty & Surety Executives Assn. of Michigan. Harris B. Carr, Fidelity & Casualty, is vice-president and Thomas H. Eggleston, Aetna Casualty, secretary.

Wash. Auto Group Elects

Raymond E. Anderson, Allstate, has been elected president of Underwriters Bureau of Washington, which has 37 automobile insurers as members. Vice-president is C. B. Birkenmeyer, American-Associated; secretary, Mrs. J. B. Wilberton (reelected).

Cow Not Tort Feasor

Common pleas courts Judge Paramelee at Hartford held for cow vs. the motorist in a suit brought by the cow's owner for damages of \$353. Daniel Slevinsky of Plymouth was driving down the road when his automobile struck the cow and fatally injured her. His contention was that the cow was in his way and that when he attempted to avoid hitting her, she made a wrong turn into the path of his vehicle.

Selk to Kill N.D.'s U.J.F.

A bill introduced in the North Dakota legislature would abolish the unsatisfied judgment fund, created to pay judgments growing out of motor vehicle accidents when the defendant can't pay them himself.

Senator R. M. Streibel of Wells, one of the bill's sponsors, said "many people complain that they pay their own insurance and somebody else's too."

North Dakota motorists are required to pay an extra \$1 for their motor vehicle licenses when the unsatisfied judgment fund drops below \$100,000. They are being required to pay the extra \$1 for their 1953 licenses.

occurred in 1951 in Ohio by Republic Indemnity of Columbus.

The correct figures are: Liability not auto, \$16,005; auto, \$317,833; total all business, \$333,838. The direct premiums written in Ohio as published are correct.

W. A. Logan Is Advanced

William A. Logan, who has been underwriter in northern California for Casualty Ins. Co. of California, has been appointed manager of northern California to succeed John A. Barry, who has resigned to join Canada Life.

Auto Men Rap Compulsory

Directors of Kentucky Automobile Dealers Assn. have adopted strong resolutions in opposition to compulsory automobile insurance. They state that they are "fully aware of the inequity of such legislation" and question its constitutionality. The association seeks cooperation with insurance people and others interested in preventing such legislation.

The board also endorsed Kentucky's present insurance code and other state insurance laws as they apply to motor vehicles, including the drivers' responsibility law.

Crunelle Ohio Assn. Speaker

John Crunelle of the Ohio motor vehicle bureau will tell about the Ohio financial responsibility law at a meeting of Ohio Assn. Casualty & Surety Managers at Columbus Feb. 9. Harry Woolley of Automobile Appraisal Service, Detroit, also will speak.

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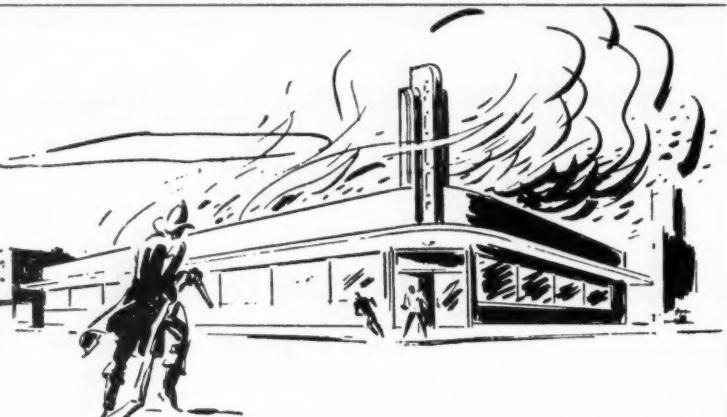
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FIRE PREVENTION

Effective fire prevention work safeguards life and property. In helping the agent to help his clients avoid fire loss, the company serves the interests of both, and, in some measure, the broader public interest.

The inspection and risk improvement program of Grain Dealers Mutual is comprehensive; it operates straight through the year. To back up the regular schedule of inspections of insured properties, and an advisory loss prevention

service, bi-monthly fire prevention bulletins are sent policyholders which include posters, leaflets, and reports of current fire losses.

Putting helpful information into the hands of policyholders, advising them on loss prevention measures, tends to keep down loss—and to reduce insurance cost. *Dollar savings, in excess of \$17 million since organization, point to the effective work done through cooperation of policyholders, agents, and the company.*

Grain Dealers Mutual
INSURANCE COMPANY
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Republic Indemnity Correction

On page 157 of the recently published 1952 edition of the Underwriters Handbook of Ohio, incorrect figures are given for the losses in

Suggests Fewer Adjusters On Auto P.H. D.-P.D.L. Claims

Use of fewer adjusters in settling automobile collision and property damage claims was suggested by Paul J. Goode, claim superintendent on the Pacific Coast of Home Indemnity, in his talk before the Pacific Coast meeting of General Adjustment Bureau at Palo Alto.

He mentioned the case of an insured whose parked car was hit by another motorist causing about \$100 damage to each vehicle. The insured was contacted by an adjuster from his property damage liability company, by an adjuster from his collision company, by an adjuster from the third party's company, two property damage appraisers, two photographers, his own agent, the third party's agent, a lawyer and the local police. He had to fill out five forms. Mr. Goode said that while this is not a frequent situation, it illustrates how complicated the servicing of simple claims can become.

As to the question of whether a third party claim man is psychologically adaptable to handling first party claims, he said the key is whether the adjuster knows what he is doing and does it with promptness, courtesy and fairness regardless of the type of claim.

Under the new dwelling policy in California, Mr. Goode asked whether it might be necessary to have two adjusters to handle the fire and casualty losses. In his opinion the fire adjuster should be sent out on the case, so that the insured has only one contact. He advocated a policy of education of adjusters that follows the trend away from specialization and towards an all-inclusive knowledge of the various lines.

Employee Course at Oakland

At the suggestion of East Bay Assn. of Insurance Women, Oakland Assn. of Insurance Agents, Fire Underwriters Assn. of the Pacific and the extension division of the University of California have started an introductory course in fire insurance for employees of insurance offices at Oakland. John H. Martin, manager of the Standard Forms Bureau and long active in the educational activities of F. U. A. P., is the instructor.

Plan Tex. Adjusters' Rally

The program has been announced for the convention of Texas Assn. of Independent Adjusters at Austin Feb. 13-14.

President J. W. Gainer, Austin, will preside at the opening session, and Kenneth Ure, Highway Underwriters, will give the welcome address. Garland A. Smith, Casualty commissioner, will give the address at the luncheon, and the afternoon will be devoted to business. The second day there will be a business meeting of the regional group of the national association.

Arbitrate \$2 Million Claims

Claims totaling over \$2 million were submitted to arbitration in 70 cities in 1952 under the inter-company arbitration program of the combined claims committee of Association of Casualty & Surety Companies and National Assn. of Mutual Casualty Companies. More than 8,000 claims were disposed of without recourse to litigation.

Now entering its ninth year, the inter-company arbitration program has a membership of 193 stock, mutual and

independent fire and casualty companies. It is designed to eliminate the delay and expense of court action between companies involved in subrogation claims.

New arbitration committees have been appointed by the combined claims committee in the cooperating cities.

London Lloyds Cautions on U. S. Primary Offerings

Underwriters at London Lloyds did not share in the "good years" of casualty insurance, particularly automobile, and realize that when "better years" come they will not retain a great volume of the business now being tendered them, according to John C. Spencer, manager of the Lloyds department of Swett & Crawford at Los Angeles.

Taking up producers' criticisms that Lloyds underwriters are taking advantage of the tight market in this country to extract high rates for coverage, he said:

"It should be remembered that until the recent general tightening of the domestic casualty market, underwriters at Lloyds have been an excess rather than a primary market for American casualty business. Surplus line laws generally state that when primary limits are available in a domestic carrier, it is not normally permissible to place such business in the London market.

"The large amount of primary business being offered the London market today is something of a novelty and it is only natural that underwriters are apt to view these offerings with a certain amount of suspicion. They feel that if the business is unacceptable to the large amount of domestic markets, they should treat it cautiously and conservatively."

Phil. Claims Assn. Elects

Philadelphia Claims Assn. has elected these new officers: President, Peter P. Conway, Eureka Casualty (reelected); secretary, Charles McCarthy, Pennsylvania Manufacturers Assn.; treasurer, Frank Sheehan, Penn Mutual Indemnity. On the executive committee are Eugene C. Bonniwell, Travelers; Harold Bruette, Massachusetts Indemnity, and Alex Schuenemann, Jr., New Amsterdam Casualty.

Impounding Bill in Conn.

A bill has been introduced in the Connecticut legislature for impounding uninsured out-of-state cars involved in auto accidents in that state.

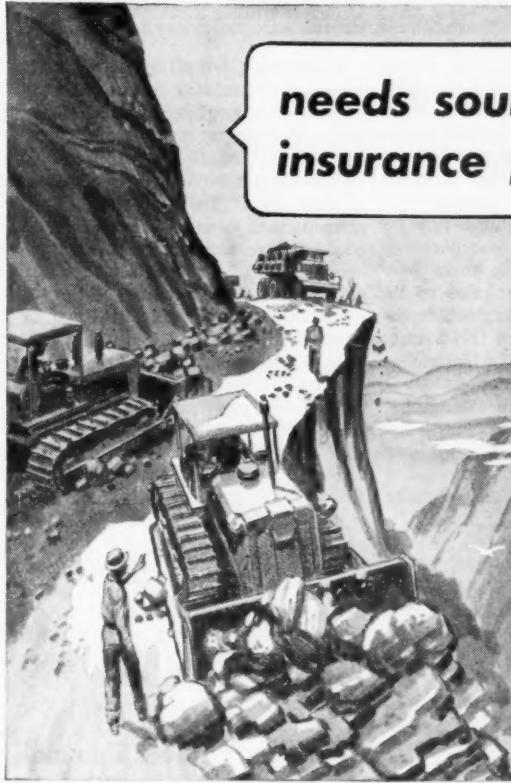
To Tell Air Base Story

S. Bruce Black, president of Liberty Mutual, at a New York press conference Feb. 2 revealed how the company secretly underwrote the compensation on 5,000 workers who built an air force base in Greenland. Mr. Black will present an award to Peter Kiewit, contractor on the project, where the safety record was exceptionally good. Lt. Gen. Hubert Harmon will represent the air force at the presentation.

Lerner Heads C.I.C.S.M.

Edward A. Lerner, head of the Employers group, has been elected president of Casualty Insurance Companies Serving Massachusetts, succeeding Charles E. Hodges of American Mutual Liability. S. Bruce Black of Liberty Mutual is vice-president; A. L. Person, Jr. of Mass. Bonding is treasurer.

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Wis. Comparative Negligence Law Has Seamy Side

From C. L. Morris, general manager of Illinois National Casualty

I consider the article on comparative negligence, emanating from New York, as an excellent statement of most of the issues involved. There are two points, which I would regard as major, which have not been discussed.

The state of Wisconsin has had this comparative negligence law for many years and the article holds up this Wisconsin law as something of a criterion. Having sat on the side-lines in an adjoining state and having been involved through the years in many cases arising in Wisconsin, I feel that any fair discussion of this subject should mention these two points.

The first objection should not be blamed wholly on the comparative negligence rule. The Wisconsin law permitting insurance companies to be named as defendants undoubtedly deserves a greater portion of the blame. These two together result in loss ratios that require unusually high rates. I will not go into any technical details, but I do invite a comparison between Wisconsin rates and the surrounding states in areas of equal population density. The difference is something startling.

My second point applies solely to the comparative negligence law: When this law was passed in Wisconsin, the legislature did not change the existing law on joint tort feasors. The result is that with two joint tort feasors, one of them insured, the insured defendant may be required to pay the entire judgment, even though the jury may have decided he was only 5 or 10% negligent. No one can deny that this is one of the most glaring inequalities in American jurisprudence.

As a sample of this inequality, may I present a specific case—this happens regularly: An insured of a neighboring state has an accident. A passenger in the car wishes to sue the Wisconsin resident in Wisconsin, and does so. It is possible and customary in Wisconsin to interplead all parties, so the passenger's driver is inevitably named as a party defendant. If the jury finds the passenger's driver guilty of so much as 1% negligence, he may find himself liable for 100% of the damage if the other joint tort feasor has no insurance and is judgement-proof. This

may happen in cases where the passenger himself has no desire to sue his host and, in fact, may protest vigorously and attempt to relieve his host from liability with his testimony. It may even happen in husband and wife cases, which may be sued in Wisconsin and may not be sued in some adjoining state.

This same situation does and can happen where all parties are Wisconsin residents, but due to the tendency of the average jury to favor local parties against the "auslander" the worst miscarriages of justice seem to happen where there is a non-resident involved.

Practically, we all agree present day juries are deciding their cases on a comparative negligence basis. I do not want to place myself or my company in the position of starting a one man battle against such a change in the law of any state. In some respects, it is obvious that even insurance companies could derive some benefits from legal recognition of what is already an accomplished fact as far as jury room argument is concerned. I believe, however, that any publicity on this subject should recognize the inevitable consequence of more judgements for companies to pay and correspondingly higher rates. Above all, I do not see how such a law can be considered fair unless it also provides for a change in the existing law on joint tort feasors.

I have always considered our court system an avenue seeking justice for litigants and not particularly created for the convenience and well being of the various bar associations; however, God bless them, they seem to have a more unified front than the litigants ever will be able to muster.

Tenn. Department Counsel Enters Company Field Work

John B. Rhem, formerly general counsel for the Tennessee department has become special agent for General American Casualty of San Antonio, in the middle Tennessee area, with headquarters in the Stahlman building, Nashville. He will operate through Mid-South Insurance Office of Memphis, which is general agent for General American Casualty. He previously practiced law at Memphis and is a graduate of Virginia law school. General American Casualty was formed last year by the merger of Alamo Casualty and General Lloyds Fire & Casualty.

New Auto Physical Damage Insurer Launched in Okla.

OKLAHOMA CITY — Southwestern Ins. Co. has been organized with the ultimate purpose of writing all casualty lines. Currently it will specialize on automobile physical damage. License has been applied for. The company, incorporated with \$250,000 capital, has established offices at 2420 North Robinson street with W. E. Diggs, who has been special agent of General Bonding of Oklahoma City, as manager.

C. B. Brumley, in the automobile and finance business at Altus, is president; Roy C. Johnson, Albright Title & Trust, is chairman; Robert P. Scott, stationer at Lawton, is treasurer; Logan Garnett, Barnett Co., Altus, secretary, and Ralph F. Smith, General Acceptance Co., Bartlesville, vice-president.

Maloney Wants Action

Commissioner Maloney of California reportedly is becoming impatient with what he claims is lack of progress in the undertaking on the part of National Automobile & Casualty of Los Angeles to work out with the department a solution of a case that was brought some two years ago by the California department against the company. The original complaint alleged that the insurer had made hard bargains with workmen's compensation claimants in one way and another. National A. & C. got an injunction restraining the department from enforcing disciplinary action. The case was later remanded to the department by the court for negotiation, rehearing and adjudication.

The commissioner set up a plan of conferences between the company and department attorneys and Commissioner Maloney, who inherited this case, is said to feel that there has been little if any progress made through such conferences. Mr. Maloney is insisting that the department attorneys take prompt action.

Robbed Bank Quickly Paid

Two hours after the recent bank robbery in Trenton, N. J., claim men of American Surety were on hand to help determine the bank's loss. That company insures the Board Street National Bank of Trenton, whose Hamilton avenue branch had been robbed in a daring daylight holdup.

As soon as the bank filed its proof of loss, Frank R. Zelley, president of C. A. Worthington, Inc., local agents of American Surety, presented Scott M. Fell, bank president, a draft for \$69,-

327 in quick reimbursement for the entire loss.

Michels Heads Maryland's Pacific Coast Operations

Maryland Casualty has appointed T. W. Michels, now resident vice-president at Los Angeles, as resident vice-president in charge of Pacific Coast offices, with headquarters at Los Angeles. He will supervise all operations now covered by the Los Angeles, San Francisco and Portland offices. These offices will continue to report their writings direct to the home office.

Sam L. Webster has retired as resident vice-president at the San Francisco office, and E. F. Kraemer as manager of the claim division there. Ralph H. Winkler, manager of the production department, has been appointed San Francisco resident manager. Rhoderick S. Joyner, claim manager at New Orleans, becomes manager of the San Francisco claim division. Joseph Devincenzi, a supervisor in the claim division, is promoted to assistant manager of that division.

Albert H. Brunet, now manager of the bond department at Los Angeles, and John S. Mee, manager of the casualty department, have been named associate resident managers. James E. Saxton will continue as manager of the Los Angeles claim division. Thor Bergstrom continues as resident manager at Portland, Ore., and John P. Stapleton as manager of the claim division there.

Time Is Short in Ohio

Although the new Ohio automobile financial responsibility laws are due to go into effect March 1, the legislature has still not made any appropriation to administer the law. The law was enacted at the last session of the legislature to go into effect in 1953 with the idea that the 1953 legislature would take care of the appropriation. There is an appropriation bill in the hopper that has been reported favorably, but the time is very short between now and March 1.

Herndon to Cincinnati

Edward J. Herndon, special agent of Home Indemnity for northwestern Ohio for several years, has been transferred to Cincinnati, with responsibility for Hamilton county.

T. Winston Keating has become president of Claremont (N. H.) Chamber of Commerce. He is vice-president of New Hampshire Assn. of Insurance Agents.



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ACCIDENT

Says Fringe Benefits Prime Union Objectives in 1953

CLEVELAND—Fringe benefits will be the big union objective this year, even at the expense of wage increases, according to a forecast made here by Richard P. Doherty, former industry member of the wage stabilization board, in an address to the annual National Industrial Relations Conference, sponsored by U. S. Chamber of Commerce.

A "runaway expansion of fringe benefits" could considerably damage the economic system, he observed. He referred particularly to such fringe benefits as health, welfare and pension plans. Coal mining, electrical construction and other industries already have union-sponsored welfare plans. And this year more unions will try to get into the welfare and pension business, Mr. Doherty forecast.

More than likely, individual company negotiation will be directed toward getting acceptance of a "standard union plan," and therein lies the company's concern, Mr. Doherty said.

Health, welfare and pension plans are expensive and therefore should be adapted to the economy of individual companies, not according to "standard" patterns, he stated.

Sec. 213 and A. & H. Cover

Some concern is being expressed among A. & H. people, in connection with the proposed revision of section 213, the expense limitation provision of the New York insurance law, in regard to how it may affect some of the smaller companies in the life insurance field, whose earlier growth was more outstandingly on the A. & H. side, but which are now making especial efforts to develop their life business.

They are opposing any provision which would prohibit them from using any of the income from their A. & H. business to develop new life business. Such a requirement would not materially affect the larger companies but would be a decided handicap to companies of this class in their efforts to move up into a higher classification in production of life business.

Isaacs Succeeds Moyer

George R. Isaacs of Columbus has been appointed central Ohio manager of North American Accident to succeed S. Glen Moyer, who is retiring. Mr. Moyer has headed the central Ohio department 20 years. He is a past president of Columbus A. & H. Underwriters Assn. Mr. Isaacs has been with the company since 1945.

Hear Galloway at Madison

John G. Galloway, Provident L. & A., Birmingham, Ala., president of International Assn. of A. & H. Underwriters, addressed the Feb. 4 luncheon meeting of the Madison, Wis., association on "Cover the Whole Life."

Has New A. & H. Rider

National A. & H. of Philadelphia has brought out a rider which eliminates all house confinement requirements in event of sickness and pays up to \$200 a month for total sickness disability up to 24 months. The coverage also includes \$1,000 principal sum benefit, and benefits for total disability from

accident pay up to five years at full rate. Optional coverages include daily hospital benefits up to \$12 a day, surgical expense up to \$300 per schedule, additional principal sum benefits up to \$5,000, and double monthly indemnity up to two months for auto accidents.

Anderson, Heroux Named to N. Y. Life A.&H. Posts

NEW YORK—New York Life has appointed Rex H. Anderson as director of A.&H. sales and Ray Heroux as A.&H. field supervisor for the northeastern and middle Atlantic divisions.

Mr. Anderson joined Washington National on graduation from Beloit College in 1941, remaining until 1950 except for four years in the air force. He went to Great-West as director of sales promotion, becoming branch supervisor at St. Louis last April.

Mr. Heroux joined the Norton Co. in Worcester, Mass., after graduating from Hills College of business administration in Rhode Island. After two years in the air force he became an agent of Metropolitan Life, joining Paul Revere in 1949 and later becoming agency supervisor at Worcester. This is the first time these positions have been filled.

Airlines Man at Seattle

George A. White, Northwest Airlines, spoke on "Selling Intangibles" at the January luncheon meeting of Seattle Assn. of A. & H. Underwriters. A color film, "Northwest to the Orient," was shown.

Hear Memory Talk at L. A.

Los Angeles A. & H. Underwriters Assn. heard Robert Robinson talk on memory training and give demonstrations of how not to forget.

A.&H. Insurers Enter La.

Prudence Life of Chicago and Jefferson Life & Casualty of Birmingham, Ala., have been licensed in Louisiana.

Daryle Cooper, formerly with Continental Casualty, has joined the Harold F. Leonard Co., Portland, Ore., specializing in association group A.&H.

Plan for I.A.S.A. Roundup

Directors and committee members of Insurance Accounting & Statistical Assn. are to hold a meeting at the Palmer House, Chicago, Feb. 13-14. At that time plans will be made for the annual meeting at Chicago June 1-3.

Hold Special Risks Rally

Continental Casualty recently held a five-day conference of its field representatives in the aviation and specialist department at Chicago. There were 55 attending. Harold O. Molitor, sales manager, presided, and the department managers were in charge for special sessions. John T. Flood, superintendent of the aviation and travel accident division, had one session, and Frank V. McCullough, superintendent of special risks, had another. In 1952 the aviation and special risks department had premiums \$12 million and a material increase is expected in 1953.

Donald D. Cook has been reappointed safety director at Columbus, O., and has been given another extension of his leave of absence from National Board. He has been safety director since 1950.

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Michigan General Agency, Inc.

General Agent For Michigan.

R. Spence Porter, General Agent

General Agent For Kentucky.

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N. Y. Agents' Committee to Study Casualty Problems

Russell Edgett, president of New York City Assn. of Local Agents, has appointed a special committee to study the problems facing the casualty business, as recommended by A. E. Straub, deputy superintendent of the New York department. Members are Harold R. Hall, David S. McFalls, Albert E. Mezey, John C. Weghorn and Clarence K. Whitehill.

The committee will confer with the department at the earliest possible date. It will also act as liaison between the insurers, the association and other producer groups.

Now Monthly Magazine

The Employee Benefit Plan Review, established in 1946 by Charles D. Spencer & Associates, Chicago, has been changed from a quarterly to a monthly magazine. Lee Smith, formerly with "Snips," has joined the firm as editorial assistant. James H. McPherin heads the new employe information department, which assists em-

ployers in explaining pension profit-sharing and health and welfare programs to employees.

Nelson's Fate Still in Doubt

ST. PAUL—Commissioner Nelson's term expired this week and while he expressed confidence that he would receive an appointment for a new 6-year-term, there appeared to be some question about it. There is opposition to him in some quarters while he has strong backing elsewhere, especially among agents.

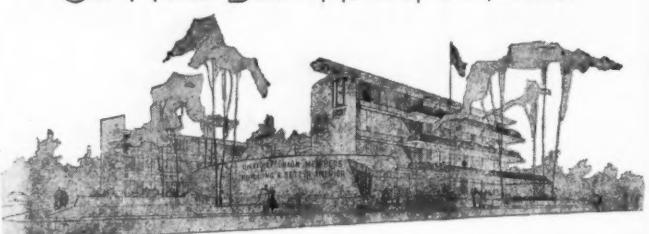
There were reports that Cyril C. Sheehan, present secretary of the state compensation insurance board, is being considered for the commissioner's post.

Weeks Speaks at Elkhart

Homan Weeks of Indianapolis spoke on "Comprehensive Personal Liability Insurance" before Elkhart (Ind.) Insurance Board.

Tyrie A. Robbins, Sr., & Jr., have opened the Tyrie A. Robbins & Son agency at Gary, Ind.

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Mass Committee Turns Down Cancellation Bill

A bill introduced in the Massachusetts legislature to require automobile companies to give an agent 12 months' notice before cancelling the agency is considered to have no chance of passage. It has already been rejected by the insurance committee.

The insurance committee has also turned down a plan to establish extra assigned risk offices at Lowell, Worcester, Springfield and Fall River, and another to increase compulsory automobile liability limits to \$10/20,000; another to make property damage compulsory for drive-yourself automobile renting firms, and one to investigate the need for compulsory B.I. and P.D.L. insurance for hunters.

The legislature is investigating for the third time a bill calling for state operation of rating bureaus for compulsory automobile, and there are similar proposals for workmen's compensation and fire insurance, and a bill for an investigation of the automobile rating bureau.

Map Women's Toledo Rally

Insurance Women of Toledo will be host for the annual conference of region IV of National Assn. of Insurance Women at the Commodore Perry Hotel, Toledo, March 20-22. Director of this region is Mrs. Winifred Barnes, Dayton. Principal speakers will be Dr. Tennyson Guyer, Findlay, O., and Mrs. George Francis, Saginaw, Mich. Mrs. Mildred Johnson of T. Kenneth Boyd, Inc., Toledo, is general chairman for the convention.

Milwaukee I-Day Set

Milwaukee Board of Underwriters has announced that Milwaukee Insurance Day will be observed April 16. President Robert C. Pittelkow has appointed Gustav E. Schwarm and Howard W. Weiss as general chairmen.

To Inspect Sugar Refinery

Plans have been made for a unique inspection trip by members of Fire Underwriters Forum of San Francisco, tentatively set for Feb. 19 or 20, dependent upon the arrival of one of the Matson Line freighters from Hawaii carrying a cargo of sugar for the California & Hawaiian sugar refinery at Crockett, Cal., on San Francisco Bay. The trip will start at 5 a.m. when the group of 40—the limit—will be guests of the Matson Line at breakfast. The steamer will proceed to Crockett where the group will be escorted through the huge plant to observe the methods used in processing raw sugar, etc. The plant is regarded as especially well equipped and operated for the safety of its thousands of employees. Ted W. Werner, Fireman's Fund, is in charge of arrangements.

Honor Minor at Richmond

Richmond Assn. of Insurance Agents at its current meeting honored Claude D. Minor, who retired recently as president of Virginia Fire & Marine. Mr. Minor spoke on "Public Relations in the Business of Insurance."

The meeting also was designated as Past Presidents' Night. Two recent past presidents—Henry Coghill and Howell M. Baker—were given certificates in appreciation for their service. Other past presidents honored were Eugene H. Sutton, Edmund T. De Jarnette, Robert I. Boswell, Martin B. Williams, J. Davis Ewell, Warren F. Curtis, Linwood H. Ford, William H.

Branch, Fergus A. Goodridge, Theodore W. Kelly, John E. Woodward, Sr., and Giles M. Robertson.

Md. Casualty Originates Two Jumbo Contract Bonds

The Maryland Casualty Chicago office has been the originating surety company on bonds on two contracts each of which exceed \$6 1/2 million. One is a 100% performance bond on the two-level underground Grant Park garage between Madison and Monroe streets in Chicago. The contract was awarded to John Griffiths & Son Construction Co. on its bid of \$6,539,539. Projected for the indefinite future is another underground unit under Grant Park south of Jackson boulevard.

The second big bond is that of the San Jacinto-San Vicente Aqueduct, San Diego project that went to S. A. Healy Co. of Chicago on its bid of \$6,798,166. There is a payment bond of \$2 1/2 million and a performance bond of \$2,040,000.

Boost Cal. Dwelling Form

To stimulate interest and inform the public of the new broad form dwelling coverage now available in California, Oakland Assn. of Insurance Agents published a large advertisement in the Oakland Tribune, making reprints available to its members who mailed out 40,000 to clients. The association has also "briefed" Oakland bankers on the new form.

Other local associations throughout the state, as well as Insurance Brokers Exchange of California and Society of Insurance Brokers, are conducting informative campaigns on the new form, also urging their members to exert every effort to place it with every dwelling policyholder they have.

Texas '52 Premiums Up 7%

AUSTIN, TEX.—Fire Insurance Commissioner Brown has announced that fire insurance premiums for 1952 reported through Texas Insurance Checking Office totaled \$67,945,584 almost \$3 1/2 million or 7% more than in 1951. Windstorm and extended coverage premiums were \$46,778,983, a gain of 8%.

Several million dollars in premiums collected by companies not using the checking office remain to be reported. Indications are, however, that they will show increases in about the same proportions.

Madison, Wis., Agents Elect

Robert E. Grady has been elected president of Madison (Wis.) Insurance Board. F. N. Johnson is vice-president, and Vincent L. Sheehan, secretary.

Cravens, Dargan Field Shifts

William G. West has been promoted to special agent of Cravens, Dargan & Co. for the San Antonio-Austin district. He is a graduate of University of Oklahoma and started with Cravens, Dargan three years ago. Following home office training course, he traveled south Texas as a special agent, with office at San Antonio.

Replacing Mr. West as special agent in south Texas is Jack Eastman, former field man in the Texas panhandle territory. With the firm since 1951, he also completed an extensive training course before becoming special agent in northwest Texas. He will work out of San Antonio.

INTENSIFIES COMPETITION

Treasury A. & H. Ruling Has Disturbing Implications for Group Insurers

Many group insurance executives are considerably disturbed at the implication of the Treasury Department's recent ruling declaring payments to incapacitated employees under non-insured salary continuation plans to be taxable income to the employee. It introduces a new element into the already unparalleled tenseness of the battle for group business.

Offhand, this ruling might be thought to be a boon to the insurance business, bringing many self-insured plans into the insurance fold. But there is a widespread feeling that the headaches in store far outweigh any possible advantages. Not only is there the immediate problem of over-insurance on high-salaried personnel but there is concern lest the tax-sheltered status of group insurance generally be impaired.

For companies licensed in New York, there looms also the possibility of another new development that could make quite a difference in the competitive picture. This is the department-sponsored legislation introduced at Albany that would require companies to file their commission scales on group life and A. & H. and abide by them. At present, companies must file their maximum commissions but are free to deviate downward from these figures.

The Treasury's ruling, which became effective Jan. 1, will doubtless throw considerable business into the laps of group insurers but many group executives would rather not have it if it means writing overly large amounts of A. & H. on high-salaried executives. Not only are the amounts themselves large but the scale of benefits many corporations would like to see written would make it distinctly profitable for an executive in a high income-tax bracket to take sick-leave on less than the usual provocation or even if genuinely incapacitated to stay off the job a good deal longer than he would normally consider necessary.

Some of these non-insured salary continuation plans have paid executives and employees their full salary while they were off the job because of illness or accident. The non-taxable feature of this income made it quite a windfall. For example, for an executive in a 50% bracket, it meant doubling his take-home pay. At today's tax rates, there is hardly anyone receiving such a huge salary that his mouth wouldn't water at the prospect of getting his gross income, free of all income tax liability, for a month or so—or longer if possible.

Pressure on insurers to cover these highly paid executives for amounts that guarantee them more take-home pay sick than well is mainly from New York, New Jersey and California. After unemployment compensation disability laws were enacted in those states, the Treasury held that payments to employees under self-insured plans approved by the state would have the same freedom from income taxation as if the plan were underwritten by an insurance company.

While the interest at the moment is concentrated in these three states, because the self-insured corporations there are being deprived of something they have been enjoying, corporations in other states will doubtless also be trying to make use of insurance as another means of attracting and holding

highly paid executives. "Join our company and double your income if you're sick," might become an effective recruiting slogan. The situation gives many group insurance experts the creeps.

So eager are some corporation executives to have their company tax-exempt sick-pay plans continued that they even asked insurers to write the coverage on a cost-plus basis that would take care of the over-insurance danger and in fact virtually remove the element of risk altogether. One insurer is reported willing to do this and is said to have received the New York department's approval. The plan would be so set up that the premium would be the total of claims plus a specified percentage as a sort of service fee or handling charge, though the premium would be subject to a maximum amount limit. While theoretically claims could not exceed this amount, the limit is said to be set so high that as a practical matter there is no risk of claims ever exceeding it.

This easy solution to the importunities of corporations that have had the rug—or sick-bed—yanked from under them by the Treasury decision is by no means finding universal favor in the group insurance business, however. Some group men wonder if the Treasury will agree that a plan under which an insurer takes no risk or practically none is really an insurance plan within the meaning of the ruling.

Deeper concern is felt, though, about the possible consequences in the event the Treasury concedes such a plan to be an insured one, but then tries to get the law changed on the ground that here is a loophole that is costing the government a lot of tax money and resulting in substantial inequality of treatment among taxpayers. The fear is that the Treasury, in seeking to get the law changed, might seek legislation that would remove all or a great part of the tax advantage that group insurance now enjoys. It seems unlikely that the Treasury could get Congress to enact a law making all group insurance premiums taxable income to employees but it might conceivably succeed in getting an amendment that would result in benefits above a fairly nominal level being considered taxable income to the employee.

The weak spot of group insurance's present tax status is that on group term life insurance and on A. & H. and allied coverages the premium is a tax-deductible expense for the corporation, it is not taxed as income to the employees who are covered, and the benefits come back to the employees free of income tax liability.

There has been considerable speculation among group insurance people as to just what was back of the Treasury's decision to take away the tax-exempt status of unemployment compensation disability payments under state-approved self-insured plans. One factor may have been that in the absence of the over-insurance brake that an insurer would have applied, some of the self-insured corporations were making too good a thing for their higher-paid executives by providing for tax-free continuation of salaries at the regular gross pay rate.

One executive of a very large corporation is said to have received \$140,-

000 in this way during the illness that terminated in his death. It would not take many cases of this order of magnitude, and even a good deal smaller, to cause internal revenue bureau officials to seek some method of minimizing the tax loss involved. The fact that requests for large amounts of group A. & H., coming as a result of the Treasury's recent decision, have posed a new problem for group insurers indicates that the Treasury has not regarded the tax-free status of benefit payments under insured plans as constituting anything like the diversion of tax money that has occurred with self-insured plans.

The search by corporations for group insurers that will write group A. & H. on a basis that will make sick-leaves profitable to the employees adds one more area of competition and one more decision that group underwriters have

to make in determining the balance point between sound selection procedures and the danger of losing or failing to acquire a case.

The New York department's bills aimed at requiring group companies to file their commission patterns and then follow their filings would have quite an effect on the operations of some group insurers. At present, an insurer can vary rates of commission up to its filed maximum. Some companies have a stated scale of commissions and don't vary from them. Others are extremely flexible in their commission payments.

If the department's bills go through, the companies that have been varying their commissions according to competitive exigencies will be considerably strait-jacketed, with probably a shift in competitive emphasis to other factors.



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Blalock Suggests Graduated Contingent Fee Scale

J. T. Blalock, executive vice-president of Pacific Indemnity, who is an attorney, speaking before Fresno County Bar Assn. at Fresno, Cal., suggested that the California bar give serious

consideration to the adoption of a graduated contingent fee scale varying with the amount of recovery in personal injury cases. He questioned the fairness of current attorney fee arrangements in personal injury cases. He said an attorney fee averages from 33-1/3 to 50% of the amount recovered. He indicated that while the fee may be proportionate in a \$100 case, it might not be fair in a case involving \$100,000.

He emphasized that the money must come from insurance premiums that must be paid by the public. He explained that insurance companies merely distribute losses while the public actually pays. "The present contingent fee contract frequently interferes with the settlement of cases for reasonable amounts," he said.

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Sayer Explains New Setup

Henry D. Sayer, general manager of New York Compensation Insurance Rating Board, in reporting at the annual meeting, said the most significant provision in the new constitution is the establishment of two elective committees, one, the governing committee, and the second, a rates committee. The governing committee has authority over the general activities of the board and is composed of Aetna Casualty, Fidelity & Casualty, Liberty Mutual, Lumber Mutual Casualty of New York and State Fund.

The rates committee has general authority over all rating matters and forms and plans relating to the rate-making function, and elected to that committee are Aetna Casualty, American Mutual Liability, Employers Liability, Fidelity & Casualty, Liberty Mutual, State Fund, Travelers and Utica Mutual.

Gives Better Driving Talks

A plea for better, safer driving—not only for humanitarian reasons, but also in the interest of lower automobile insurance rates—was made by Robert F. Topp, fieldman of Zurich, in talks at Elgin and Aurora, Ill. In Elgin Mr. Topp spoke to Insurance Women's Assn. In Aurora he addressed the Cosmopolitan International Club.

The talks were accompanied by showings of two Zurich films, "Rough Riders" and "On Your Toes," which expose some of the accident-breeding faults of drivers and pedestrians.

U.S.F.&G. Shifts Two

L. Knox Wood has been appointed state agent for the fire department of U.S.F.&G. in Maryland, with headquarters at Baltimore. He started in 1941 as state agent for Virginia and West Virginia. Before that he was with Virginia Fire Insurance Rating Bureau.

Succeeding Mr. Wood in eastern and northern Virginia is E. R. Hobbs, whose headquarters will be at Richmond. He joined the company in the home office underwriting department in 1931. In 1941 he was appointed special agent at Chicago and in 1947 was advanced to state agent at Kansas City.

Find Shortage at Nashville

NASHVILLE—Following the discovery of a shortage of \$16,663 from Jan. 1, 1949, to Oct. 24, 1952, in city inspection fees, Mrs. Rebecca C. Anderson, secretary of the department, is being held responsible and Columbia Casualty, which wrote her bond, has been notified of the shortage. Her bond is only for \$1,000 per year.

New Amsterdam Names Potter Detroit Manager

New Amsterdam Casualty has appointed A. Lawson Potter manager at Detroit. He has been in insurance work most of his business life. For many years he was in the general agency field in eastern Pennsylvania and then went into the company end of the business. In recent years he has been with New Amsterdam at Philadelphia, handling special risks and all out-of-town business.

A C. P. C. U., he has been an instructor of Insurance Society of Philadelphia and has conducted insurance courses at Rutgers University.

Seaboard Surety to Double Capitol

Seaboard Surety has called a special meeting of stockholders for April 2 to approve an increase in capital to \$2 million consisting of 200,000 shares of \$10 par value stock. The capital is now \$1 million. This would be accomplished by payment of a 100% stock dividend. The market quotations on Seaboard Surety stock have advanced rather sharply and recently there has been a bid of 87 with no stock offered.

Williams Denver Supervisor

Kenneth M. Williams has been appointed supervisor of the Denver service office of American-Associated. He attended University of Virginia, entered insurance as a claim adjuster in 1928, and since joining American-Associated in 1935 has had experience in adjusting, multiple-line underwriting and field work. Since his release from the army in 1945, he has devoted most of his time to field work, becoming agency supervisor at Kansas City in 1951.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, Feb. 3, 1953

	Div.	Bid	Asked
Aetna Casualty	3.00	113	116
Aetna Fire	2.40	61 1/2	63
Aetna Life	2.50	124	126
American Alliance	1.50*	33	35
American Equitable	1.50	28 1/2	30
American Auto	2.00	50	52
American, (N. J.)	1.00	25 1/2	26 1/2
American Surety	3.00	61 1/2	63 1/2
Boston	1.40	38	39 1/2
Camden Fire	1.10*	25	26 1/2
Continental Casualty	2.50	77	78 1/2
Crum & Forster Com.	1.60	48 1/2	50
Fire Association	3.00	72	75
Firemen's Fund	1.60	59	61
Firemen's (N. J.)	.90	27 1/2	28 1/2
General Reinsurance	1.60	38 1/2	40
Glens Falls	2.00	63	64 1/2
Globe & Republic	.80	16	17 1/2
Great American Fire	1.50*	40	41 1/2
Hartford Fire	3.00*	166	169
Hanover Fire	1.80	39 1/2	41
Home (N. Y.)	1.80	40	42
Ins. Co. of No. America	2.25*	90	92
Maryland Casualty	1.20	26	27
Mass. Bonding		22 1/4	23 1/4
National Casualty	1.50*	28	Bid
National Fire	2.60	69	71
National Union	1.80	43	46 1/2
New Amsterdam Cas.	1.50	41	43
New Hampshire	2.00	50	52
North River	1.20	29	31
Ohio Casualty	1.55	69	Bid
Phoenix, Conn.	3.40*	100	103
Prov. Wash	1.50*	28	29 1/2
St. Paul F. & M.	.85*	32 1/2	34
Security, Conn.	1.70	38	40
Springfield F. & M.	2.00	51	53
Standard Accident	1.60	41	42 1/2
Travelers	14.00*	775	785
U. S. F. & G.	3.00	66	68
U. S. Fire	1.50*	43 1/2	45

*Includes Extras

Donald Parker Goes With General Re as A. & H. Man

Donald G. Parker has joined General Reinsurance as assistant secretary for the development and underwriting of A. & H. reinsurance. Previously he had been A. & H. superintendent for National Fire group, and before that he served in the same capacity with Accident & Casualty. He came out of the last war as a lieutenant commander in the navy. He attended Wesleyan.



Donald G. Parker

Slight Drop in Private TDB Plans in N. J.

About 600 private plans for insuring temporary disability benefits in New Jersey were terminated by employers in the last quarter of 1952, and employees then were automatically covered by the state plan, according to a report of the division of employment security.

Of more than 17,000 private plans in effect Jan. 1, about 15,700 covering 775,000 workers were underwritten by private insurers and 1,197 provided disability insurance coverage for 87,900 workers through approved union agreements. More than 150 employers used self-insurance plans covering 110,000 employees. In addition about 800,000 workers have established wage credits entitling them to the state plan payments in the event of illness or disability.

The state division also reports that failure to file benefit claims on time is costing New Jersey workers some lost disability benefits. The law provides that proof and claim for disability benefits must be filed not later than 30 days after commencement of the sickness or disability. The only exceptions are cases in which it was not reasonably possible for the claim to be filed in that time.

More Reopened W.C. Cases

The number of claims reopened in connection with the fund for reopened cases and the special disability fund which come within the New York workmen's compensation law, averaged 162 per month, compared with 143 per month, in the six months ended Nov. 15 compared with the preceding six months. Henry D. Sayer, manager of New York Compensation Rating Board, is chairman of the special funds conservation committee which administers the two funds.

Cecil L. Fisher, home office claims examiner of Lumbermen's Mutual Casualty, and a graduate of Harvard law school, has been elected chairman of the Kemper "Junior Board" which was organized in 1946 to give younger executives a chance to deal with problems of top management, and to give management the benefit of the advice of younger men.

The Clarence I. Spaulding & Co. agency, Nashua, N. H., was feted by Hartford in honor of 25 years of service. A plaque was presented to the agency by William Clay of Manchester, special agent of Hartford.

February 5, 1953
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ILL. AND ARK. CASES

Liability of Schools and Hospitals Is Stirred Up Again

Interest in the liability of charitable and educational institutions in Illinois was stirred up last week by a settlement for \$40,000 of an injury suit of \$500,000 filed by a former Northwestern University student who was paralyzed from injuries he suffered when he dived into shallow water off the University's Lake Michigan beach pier. Two or three years ago, Illinois supreme court held that charitable and educational institutions are liable for personal injury suits up to the amount of insurance they carry.

The suit against Northwestern was filed by William A. Rice, who claimed the school was negligent in not maintaining proper beach warning signs. He dived into the shallow water in 1949 and is now paralyzed. Rice's father, Howard G. Rice, is assistant claims manager at Chicago Motor Club.

Northwestern carried \$25,000 coverage on individual claims with Continental Casualty. Rice's case was filed July 21, 1950, and Continental received its first notification of loss at that time. Continental held that its liability was voided by this delay in notification.

Northwestern assumed from the beginning that it had no liability, and this was the reason Continental was not notified. It relied on its immunity, and also in court maintained that it could not be held negligent on the facts.

Before the court decision was made, a settlement of \$40,000 was agreed to by Rice, under which Northwestern paid \$27,500 and Continental Casualty \$12,500. This was by vote of the trustees on "humanitarian principles." Actually there was no decision in court that would have affirmed the supreme court holding. The question of liability was waived in the settlement.

It is understood that Continental decided to participate in the payment on the theory that its costs of its defense might equal or exceed its participation.

Had the court found Northwestern negligent, a decision would then have to have been reached on what funds of the school were non-trust funds, and this would have been the money to be drawn on to pay a judgment.

Northwestern was carrying the same insurance coverage for liability that it carried before the Illinois court decision.

Northwestern was represented by Johnston, Thompson, Raymond & Mayer, and by Eckert, Peterson & Leeming law firms of Chicago. Phillip E. Ryan, chief trial attorney for Chicago Motor Club, and attorney James A. Dooley, represented Rice.

CIRCUMVENT IMMUNITY

A jury at Hot Springs, Ark., has awarded a woman \$800 damages in a direct suit against Aetna Casualty as the insurer of St. Joseph's hospital. The plaintiff charged that she and her son were forcibly restrained at the hospital for more than six hours after she had been dismissed by her physician following the birth of her child because of non-payment of her bill. Then she went on to charge that this brought on physical and mental suffering. Richard Hobbs, attorney for the plaintiff, said this is the first time in Ark-

ansas that an insurer has been sued directly rather than the insured corporation. This was done to try to get around the protection of the hospital as a charitable institution from direct suits.

Maloney Hands Out 31 Subpoenas in World's Ad Case in Calif.

Commissioner Maloney of California has now issued subpoenas to 31 A. & H. insurers requiring them to submit samples of their advertising copy for A. & H. insurance. Mr. Maloney issued the subpoenas as a result of a court order demanded by World of Omaha which Mr. Maloney says is engaging in false and misleading advertising in California. World claims that its advertising is no different in its assertions than that of other companies doing similar business, and says that Mr. Maloney is deliberately singling it out for prosecution.

The hearing on all this, originally scheduled for Jan. 2, has been postponed as a result of the subpoena demand.

Kline Pa. Committee Head

G. Edgar Kline, Pottsville insurance agent, has been renamed chairman of the insurance committee in the Pennsylvania house. A new vice-chairman—Stanley L. Blair of Albion, of the Bessemer and Lake Erie Railroad company, succeeds Louis Sax (R.-Phila.) who is not a House member this session.

Size of the Insurance committee was reduced from 22 to 17 members, in line with a program cutting the sizes of all house committees.

Committee Meets May 14

WASHINGTON—The U. S. Chamber of Commerce insurance committee will meet at New York May 14, which is the date of the annual Hemispheric Insurance Day luncheon there, it was announced after the committee met at New York last week. Clinton Allen, president of Aetna Fire, presided as chairman.

Also, last week, the committee's social legislation committee meeting at New York decided on studies looking toward implementation of the new chamber declaration of policy in favor

of making old-age and survivors insurance universal in application and to place the system on a pay-as-you-go basis.

Most of the discussion was on the new OASI policy. A. L. Kirkpatrick, manager of the insurance department, was named member of a staff committee on social security.

Continental Casualty Hikes Its Polio Rates

An increase in premium rates for individual and family polio protection has been announced by Continental Casualty effective March 1. New and renewal rates on the family polio policy will be increased from \$15 for two years to \$10 for one year. The new and renewal rate for the individual contract will become \$5 for one year instead of the previous \$5 for two years.

There is no change in coverage provided and the insuring provision of either policy. Maximum benefit of \$5,000 for each insured person remains the same.

The increased rate is occasioned by Continental's polio experience for the past four years and more particularly for 1952. Last year's record of 57,425 polio cases resulted in an incidence rate for the nation approximately 30% above the previous high year of 1949. Continental's 1952 experience was even more adverse, with the polio claim incidence rate approximately 76% above that of 1949.

Polio treatment costs are soaring, the company observes. Medical charges, including physicians' and surgeons' fees, hospital costs, nurse expense, drugs and incidentals, have increased.

Louis C. Morell, second vice-president in charge of A. & H., said, "Underwriting results on polio have been unprofitable from the beginning. The net underwriting loss in 1952 alone for individual and family polio policies was \$1,329,333. In addition, group polio insurance of the company resulted in a net underwriting loss for 1952."

Judge Peck is Named

Justice David W. Peck of the appellate division of the New York City supreme court, who is expected to join the Eisenhower administration in a few weeks, has attracted the attention of insurance executives and attorneys for his work in speeding up the court

calendars. He recently set up a panel of doctors to give judges an impartial report on accident cases before trial so that the contending lawyers can come into court on an agreed set of facts as to the nature of the injury. He was scheduled to bring out this week a report on court reorganization, which a year ago he promised to casualty insurer executives and attorneys.

Bankers L. & C. Agent Sues Cravey's Bonding Company for False Arrest

B. M. Brown, the representative of Bankers Life & Casualty at Chattanooga, who was arrested on orders of Commissioner Cravey while selling a policy at a filling station just across the state border in Georgia, has filed a \$20,000 damage suit at Chattanooga against Hartford Accident, the bonding company for Mr. Cravey.

Brown was arrested erroneously on a Walker county warrant by T. B. Littlefield, who admitted he disguised himself as a service station attendant in order to make the arrest. The warrant was dismissed for lack of jurisdiction, and Brown was served with a Catoosa county warrant as he left the courtroom. A hearing on that is pending.

Brown alleges that he was damaged in the amount of \$5,000 in loss of business and other unnecessary expenses as a result of the arrest, and he asks \$15,000 as punitive damages.

Hold Parley on Ohio FRL

Cincinnati Fire Underwriters Assn. will sponsor a meeting Feb. 17 of insurance men and police officials to develop knowledge of automobile financial responsibility laws, which become effective in Ohio March 1. Ray H. Miller, manager of Ohio assigned risk plan, and John Curnell, chief deputy motor vehicle registrar, will speak.

Hebert A. F. I. A. President

William A. Hebert, president of Springfield Fire & Marine, has been elected president of American Foreign Insurance Assn. He succeeds D. R. Ackerman chairman of Great American, who held the office two years. The vice-presidents are F. A. Christensen, president of America Fore and John A. North, president, Phoenix, Hartford.



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Travel Accident—Including War Risk

ALL UNUSUAL RISKS

Fire Business in 1953 Will Be About Same as Last Year

(CONTINUED FROM PAGE 1)

them, are written anything like country wide. The Chubb and the mutuals' forms probably are written more widely than are the others.

The conflicts in the package idea are pretty well defined, but the future will have to determine the extent and effect of those conflicts. There is much concern about the multiplicity of the packages and existing confusion for agents and public with promise of more such to come.

From all sides comes word of increased efforts to develop business interruption business. Individual companies are emphasizing the production of U. & O. with their agents. But beyond this, and in the direction of developing brand new premiums, is the concerted objective of trying to produce a simplified form that will appeal to the general run of small mercantile risks that do not now buy the coverage. This the business believes to be a very sizable untapped market.

Eastern Underwriters Assn.'s special committee on this subject was scheduled to meet this week to go over carefully a broad study that has been made

of the earnings of small businesses. The objective is to find clues to the most effective way of selling more U. & O. to such risks. E.U.A. has had the assistance of highly competent commercial analysts in making the study.

It is believed that any coverage devised for the purpose should be simple, its rating should be simple, and it should have the greatest possible clearness and appeal so that agents can readily sell it. U. & O. is a successful line, as much of it as is sold, but its volume is so minor a fraction of property damage premiums because in the main only the larger insured carry it, and they have bought it.

The business may bring out a U. & O. coverage of this sort this year.

There is still some jockeying on fire commissions, though the big flurry of increasing them in certain sections is over. Executives expect some loosening of underwriting. Also, companies are closely analyzing past experience to pick out the better lines and then are emphasizing these in their promotion through field men. This generally happens when competition for business sharpens.

The inland marine business, like the fire, will be about the same as in 1952, with somewhat more competition. Total inland marine premiums were \$238

million net in 1951, and it is estimated that they increased to about \$250 million net in 1952.

Mutuals are becoming more competitive for I. M. lines where they were not especially active before, as in transportation and bailee's covers like furriers' customers', and the farm mutuals are going after the farm floater premium. North America, a large writer of I. M., has brought out its valuable personal articles policy covering cameras, stamps, furs, jewelry, silverware and musical instruments, and is making a new filing on furriers' customers' floater.

Companies in this field are accustomed to moving quickly, and all competition is being promptly met. This is a fast growing business and it has been very attractive from the underwriting standpoint. Competition is natural to it.

The manufacturers' output policy has developed more slowly than its advocates had hoped, largely because of the slowness of state insurance departments to okay it.

O. Plan Law, Bank Account Bill Lose in Bay State

The lone attempt by Massachusetts Assn. of Insurance Agents to bolster the state's "controlled business" law by applying to it some of the principles of the Ohio law was abandoned for the time being by the association. Since other Massachusetts insurance interests opposed the proposal, Frederick H. Woodward, association president, asked the legislature's insurance committee to report next year on the bill.

Massachusetts legislators defeated overwhelmingly a proposal fostered by Insurance Brokers Assn. of Massachusetts to compel all agents and brokers in that state to keep separate bank accounts for collected premiums.

Also having no chance of passage, according to insurance committee members, was the brokers' bill to repeal the compulsory automobile insurance law in favor of the New York type financial responsibility.

No other insurance interest supported either bill.

Geringer to Am. States

American States has appointed Raymond J. Geringer fire underwriting manager. He has been with Hardware Mutuals at Cincinnati for six years as manager of the fire underwriting division. He is a graduate of Loyola and University of Chicago and an air force veteran.

Allow Private Cover in Ore.

A bill introduced in the Oregon legislature by the state highway commission would permit various state departments and agencies to carry fire insurance in private carriers.

Cincinnati Board Names

H. P. Sweeney President

H. Patrick Sweeney has been elected president of Cincinnati Fire Underwriters Assn. He succeeds Arthur M. O'Connell. The new vice-president is A. Julian Lenke.



H. P. Sweeney

Mr. Sweeney has been chairman of the program committee three years. He started 16 years ago as a solicitor with Thos. McEvilly, Jr., & Associates and opened his own agency in 1940. He was a pioneer among agents who moved from the downtown area of Cincinnati to outlying areas. His office is located in recently developed Roselawn Center.

Hartford Honors Bickel for 50 Years Service

A testimonial luncheon was tendered W. E. Bickel of Vinton, Ia., by Hartford Fire in recognition of his 50 years representation. W. H. Berkemeier, associate manager at Chicago, and Charles D. Wherry, special agent, Des Moines, were hosts. Mr. Berkemeier presented Mr. Bickel a gold wrist watch. The guests were Vinton business men and close friends.

Mr. Bickel went to Vinton in 1893. Returning home from Spanish-American war service in 1899, he became associated with the late J. E. Marietta in the Marietta & Bickel agency. Mr. Marietta died in 1937 and Mr. Bickel became sole owner. In 1949 James L. Wilson became associated with Mr. Bickel under the name of Bickel & Wilson.

Mr. Bickel was secretary and director of Vinton Savings & Loan Assn. nearly 42 years, and has been prominent in activities of his community for many years.

Ask Minn. Fire Policy Study

ST. PAUL—Latest move in the legislature to revise the Minnesota standard fire policy is a concurrent resolution for appointment of an interim committee to study the present form and report to the legislature not later than Jan. 15, 1955, setting forth its findings as a result of such study and making such recommendations as it deems proper. The committee would be made up of members of the legislature, employees of the insurance department and members of the general public including at least one person engaged in private business as a fire insurance underwriter.

S.C.A. Honors Cothran

At its last meeting the executive committee of Stock Company Assn., presented a silver tray to former President Perrin C. Cothran in recognition and appreciation of his many years of valuable service to the association.

Mr. Cothran, who has retired as vice-president of Phoenix-Connecticut, was one of the original founders of the association in 1935 and continuously served on its executive committee. He was elected president in 1940, continuing until his resignation last Dec. 5. He will continue as a member of the executive committee.

WANT ADS

APPLICATIONS INVITED

... Opening is for a man, should not be over 35 years old, with three or four years experience as a special agent or the equivalent in the fire and casualty insurance field. Must be a good salesman capable of calling on top executives, make own decisions. Responsibility and pay commensurate with background and ability. Income augmentable. Position is in middle eastern states with travel connected. Address applications to P-54, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill., giving full details as to education and business experience.

GROUP INSURANCE SALESMAN

We have an opening in a fast-growing A&H department of large Midwestern Ins. Co. For experienced group salesman age 25 to 35. Some traveling required. Salary commensurate with your ability and previous experience. If you qualify write detailed letter of experience, present occupation, salary requirement, age, marital status, etc. Replies held strictly confidential. Write P-96, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

CASUALTY SPECIAL AGENT

By old responsible Casualty Company. Young Men with some casualty field and underwriting experience in Midwest operating from Des Moines. Right man can make excellent future for himself. Address P-48, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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NORTH-SOUTH CAROLINA AND VIRGINIA
Excellent opportunity for resident of this area with fire insurance background. Company is an old New England mutual with established agency plant and still growing. Car furnished. Replies will be kept confidential. Address P-49, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AUTO UNDERWRITERS WANTED

A large well established insurance company has openings for auto underwriters—excellent opportunity for advancement. Write to us about your qualifications. Your inquiries will be kept in strictest confidence. Address P-95, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Ambitious, energetic young man over twenty-five with Marine experience to enlarge, develop and manage an Inland Marine Department, operating throughout Louisiana and Mississippi. Headquarters, New Orleans, La. Large producing fire agency plant to work with unlimited opportunity. Address P-76, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED—SPECIAL AGENT—INDIANA

An excellent opportunity available for experienced multiple-line special agent to travel excellent territory in Indiana. Write giving your qualifications and background. Address P-86, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Growing Chicago casualty company has excellent opening for Safety Engineer and Inspector. Age 25-40. With at least 5 or more years experience. W.C., O.L.T., Elev., General Liability casualty lines. Our employees know of this ad. Webster 9-5225, Rm. 1600, 330 S. Wells St., Chicago 6, Ill.

CASUALTY INSURANCE FIELD MEN

Liberal COMMISSION, salary, car, expenses to men who know long haul truck and bus risks and agents. One man based Chicago, other Detroit, Toledo or Cleveland. Our employees know of this ad. All replies in strict confidence. Address P-99, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

ADJUSTER

Rapidly growing Wisconsin mutual company writing auto insurance exclusively desires adjuster. Age not over 35; experience at least three years. Advancement opportunity—attractive benefits. In reply, state full particulars about yourself, experience and salary. Replies confidential. Badger State Casualty Co., 611 North Broadway, Milwaukee 2, Wis.

Binghamton Agents Elect

Richard W. Couper has been elected president of Binghamton (N. Y.) Assn. of Insurance Agents. Vice-president is William A. Orband; secretary, Henry Silberer; treasurer, Donald Estabrook.

Plan Minn. Hail Panels

Wayne Pyle, adjuster of St. Paul Fire & Marine, has been named chairman of the field men's committee which will conduct a series of hail panel meetings in Minnesota April 6-9.

Necessity of Specifying Detached Employees in Liability Policy Weighed

From a local agent at Baltimore:

The declarations of the manufacturers and contractors liability policy provide space for location of assured's premises and we follow the procedure of answering this item by listing all named locations and following these sites with "and elsewhere in the state of Maryland".

Many of our assured have salesmen and other employees operating throughout the country and it appears to us that the policy would unquestionably grant coverage in all parts of the U. S., Canada, and Newfoundland.

We are now faced with a question from our home office regarding the naming of all the locations (place of domicile in cases of salesmen) under the declarations with a charge to be made therefore based on payroll. We have maintained that such is not necessary because of the policy provision and we feel that this contract differs somewhat from the workmen's compensation policy which in most cases is covered by state regulation.

We should appreciate your informing us your opinion and also what is considered the standard practice.

We think it is primarily a matter of underwriting judgment whether the locations of all salesmen and other detached employees should be shown in the declarations of a liability policy. While these policies are not absolutely standardized, most of them are unquestionably broad enough to cover any liability of the insured from operations of detached employees anywhere in the U. S. and Canada. Assuming this is true in your case, we think the only question is whether the underwriter feels that the exposure from these outside employees is such that a premium ought to be charged at the rates applicable in the other states, instead of whatever rate applies to salesmen and other people in this class who are in the insured's home state. Most insured do not want to bother with this, where the number of employees in any particular state is limited and where there is no particular premises exposure—such as where salesmen or servicemen operate out of their homes or have just desk room. Of course, if the insured has a branch factory, warehouse, or even a branch office of some size, that is another matter and rates applicable to the state or states in which they are located should be applied to the payroll of people working at these places.

The matter is one which ought to be settled with your underwriter. We think it is not necessary to show the headquarters of every outside salesman and, if the policy wording is in line with present practices, there should be complete coverage even if this is not done, but naturally no underwriter is compelled to accept a line on any basis which he does not like.

Eastman to Local Agency

Richard W. Eastman is resigning as manager at Washington, D. C., of National Union Fire, which services southern Maryland, Washington, northern and western Virginia, to enter the local agency business with Staunton Insurance Agency, Staunton, Va.

Mr. Eastman has been in the insurance business 16 years. Before going to Washington, he was manager of National Union for Virginia, North

Carolina and South Carolina, with headquarters at Richmond. Earlier he operated a managing general agency at Staunton.

W.C. Liberalization Bills Abound

All occupational diseases or infections, rather than specified diseases, would be made compensable under one of several bills introduced in the Idaho legislature. Another bill would increase the workmen's compensation burial allowance from \$200 to \$350.

Maximum weekly compensation benefits in South Carolina would be increased from \$25 to \$35 under a bill in that state.

A bill to increase maximum weekly benefits under the Texas compensation law from \$25 to \$40 was introduced.

Maximum weekly workmen's compensation benefits would be increased from \$28 to \$30 by a bill introduced in the Iowa legislature.

• • •

A bill introduced in Connecticut would raise compensation percentage rate from one-half to two-thirds of average wage and increase the maximum and minimum benefits.

Changes in Colorado's occupational disease law are proposed by one of a series of bills introduced to carry out recommendations of an interim committee. The legislation proposes that courts be given the responsibility of determining whether an illness is the result of a person's employment conditions, where the disease is unlisted in state laws. Where the disease is listed, the usual procedure of determining liability is carried out. Another bill would reduce the waiting period before payment of compensation from 30 days to one week and prohibit payments for partial disability when a worker can continue on the job.

Other bills would raise the liability for medical and hospital services from \$500 to \$1,000 and for funeral services from \$125 to \$150.

Enactment of a realistic occupational disease bill was urged by Governor Arn in his message to the Kansas legislature. He asked the lawmakers also to consider increasing the weekly benefits under the workmen's compensation law.

Occupational diseases would be brought under the Montana compensation law in a bill in that state. Montana workmen's compensation benefits would be increased by \$2.50 a week under another bill.

• • •

In South Dakota there is a bill to increase maximum death benefits from \$5,000 to \$7,000. Maximum payments for partial disability would be raised from \$25 to \$30 a week, and weekly minimums would be raised from \$10 to \$15.

Pending in West Virginia is a bill which would increase the maximum weekly compensation allowance for temporary total disability from \$25 to \$40 and increase the minimum from \$15 to \$25.

In Utah the weekly minimum would be increased from \$17.50 to \$25, and \$27.50 maximums would be taken off.

Enactment of Wyoming compensation law amendments, giving increased awards for injured workers in six categories, was recommended by Governor Rogers in his message to the legislature.

North British Conducts New England Conference

Field problems of all kinds were discussed at a two-day Boston conference of North British group New England department. Philip A. DeGruchy, secretary, was in charge, assisted by R. O. Meyers, general agent.

Attending from the New York head office were J. L. Magenheimer, assistant U. S. manager; G. L. Scott, vice-president and loss department secretary; the following department secretaries: A. E. Lehman, automobile; G. C. Daubert, inland marine; K. W. O'Leary, local and B. & S.; M. B. Baker, improved risk, and William J. Traynor, assistant secretary and advertising director.

N. W. General Agents Elect

Northwest General Agents Assn. elected Arthur O. Armstrong, Armstrong general agency, Seattle, as president at a meeting at Seattle. He succeeds W. G. Frazier of Frazier & Co. C. R. DeMille, C. B. DeMille general agency, was elected vice-president, and

Conrad Lamping, Lamping & Co., secretary.

On the executive committee are: Aubrey A. Naef, Seeley & Co.; R. R. Groninger, Groninger & Co.; H. M. Gould, Jr., Gould & Gould, and Nelson Friday, McCollister & Co.

Urge Mutual Standard Form

At their annual convention at St. Paul, Minnesota township mutuals were urged to accept a standard fire policy which gives a broader coverage than that now used. Many of them have already adopted the new policy.

Speakers included Earl Hotchin, secretary of Michigan Farm Mutual Insurance Assn., and Fred Benson, vice-president of Farmers Mutual Hail of Iowa.

Moore Joins Legal Firm

Joe S. Moore, Texas assistant attorney since 1948, has resigned to enter the private practice of insurance law with Ned McDaniel at Austin. Mr. Moore has served in the anti-trust division handling workmen's compensation cases.

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Program for Fire Department Instructors Conference Given

L. A. Vincent, general manager of National Board; Curtis R. Welborn, president Underwriters Laboratories, and Cliff Davis, congressman from Tennessee, headline the program of the fire department instructors conference at Memphis, Feb. 24.

Full scale tests of indirect application of water fog will be staged by the Memphis fire department. Two condemned dwellings will be set on fire and used in these tests, which are under the direction of a national committee composed of a number of leading fire chiefs and fire protection engineers.

Richard E. Verner, manager fire prevention department Western Actuarial Bureau, who has presided over the

conference as its chairman for 25 years, expects this year's registration to top the 1,200 mark.

Features for Feb. 24 are a keynote address by Prof. Harold R. Brayton, Texas A&M. College, and talks by Prof. J. J. Ahern, Illinois Institute of Technology, and Mr. Vincent.

Topics for discussion include industrial fire brigade training, handling the public at fires, hospital safety, oil burner problems, making civil defense preparations and the use of radio in the fire service. At the end the movie "The Facts Shall Make You Free," will be given by A. J. Steiner, engineer of Underwriters' Laboratories.

Howard B. Scott of the Updike & Scott agency of Wichita has been named chairman of the Sedgwick county board of commissioners.

General Liability Policy Covers "Product" Case

WASHINGTON—U. S. Supreme Court has just refused to review last summer's federal court of appeals decision in Reed Roller Bit Co. vs. Pacific Employers, in which the insurance company lost a close argument on where general liability insurance ends and product liability insurance takes over. A customer got a judgment against Reed Roller Bit because of an injury from a machine sold by the company. The machine had been used for a purpose for which it was admittedly unsafe and the customer claimed he had been induced to use it in that manner because of the representations of a Reed Roller Bit salesman.

Reed Roller Bit had general liability

insurance, with the usual exclusion of coverage of accidents occurring away from the insured's premises and after the product was out of the insured's possession. It had no product liability insurance. Pacific Employers' policy was held to cover the accident on the ground that the misrepresentation which caused it occurred while the machine was still in Reed Roller Bit's possession. By denying certiorari, the Supreme Court in effect affirmed the case. The court of appeals decision is reported at 197 Fed. (2nd) 1.

Schmit Joins Blakely

John K. Schmit, formerly assistant manager of Travelers at Kansas City for 10 years, joined C. G. Blakely & Co. of Topeka Feb. 1 in the local agency department.

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UTAH-IDAHO

FIELD

Hardin Moved to Buffalo

American has transferred Special Agent John R. Hardin, Jr., from the New Jersey field to Buffalo. Mr. Hardin, a navy veteran, studied at Princeton and Newark College of Engineering. He joined American in 1950, and graduated from its advanced multiple line training class. He had experience as an adjuster and underwriter before his assignment to New Jersey in 1952.

Name MacGregor President

Floyd C. MacGregor of Hartford Fire was elected president of Western Massachusetts Field Club at its annual meeting at Springfield. He succeeds Peter J. Levins, Automobile. Robert S. Kenyon, Aetna Fire, is vice-president; William E. McCarron, Potomac, secretary, and John L. Wallace, Commercial Union, treasurer.

Arthur C. Conley, counsel of Insurance Federation of Massachusetts, was the speaker.

Penfield Ore. State Agent

Richard J. Penfield has been appointed state agent for America Fore in Oregon, succeeding Lane Goodell, now on leave. Mr. Penfield has been assisting Mr. Goodell in that field and will be succeeded as special agent by A. H. Reyen, Jr., formerly in the engineering department at San Francisco.

Fraser Oregon President

A. Gordon Fraser, Fire Association, was elected president of Oregon Fire Underwriters Assn. at its annual meeting at Portland. He succeeds John E. Tilton, American.

Frank T. Robinson, Boston, is vice-president; Edgar O. Zorn, Oregon General agency, secretary; and David R. Goodell, Aetna Fire, treasurer. Richard Tucker, Crum & Forster; Warren Johnson, Home, and C. S. Maxwell, New York Underwriters, comprise the executive committee.

Hear Lueck at Harrisburg

Capt. H. Conrad Lueck, director of the security division of Cargo Protection Bureau, will address East Central Pennsylvania Field Club Feb. 9 at Harrisburg.

Henry Borchers Retires

Henry Borchers, veteran field man of the Crum & Forster group and dean of the New Jersey fire field men, has retired. With Crum & Forster since 1903, he has spent most of this period in the New Jersey field, particularly in Bergen and Essex counties.

A group of executives and old associates at the home office tendered him a luncheon at New York on his retirement.

James D. Apple, associated with Mr. Borchers at Newark, will take over his duties. He has had 17 years of service with the group in that field, having gone to Crum & Forster from the F.I.R.O.

France to Local Agency

Robert M. France, for seven years state agent and regional manager of Security of New Haven at Denver, has resigned and has purchased an interest in the C. N. Bell agency at Cheyenne, Wyo. He started with Aetna Fire at

Chicago, and traveled for that company until 1937 when he went with the Loyalty group at Chicago. In 1938 he went to Denver for Firemen's and traveled Colorado, Wyoming and New Mexico.

When Security retired from the E. I. Crockett general agency at Pueblo in 1945, he went with that group and opened its branch office at Denver, serving Colorado, Wyoming and New Mexico. He is past president of Fire Underwriters Assn. of the Mountain States and director of the casualty and surety division.

Gulf Makes Texas Shifts

Two changes in the Texas field staff of the Gulf and Atlantic of Dallas have been announced. D. B. McCafferty, who has been special agent at Austin, has been assigned to west Texas field with headquarters at San Angelo. He succeeds B. J. Bartlett, resigned. Harry Dannelly, who has been a fire underwriter, will go to Austin as special agent.

Henry New Jersey President

At the annual meeting of New Jersey Insurance Fieldmen's Assn. at Newark, these officers were elected: President, Roger S. Henry, Phoenix-Connecticut; vice-president, Carl F. Fry, Boston; secretary, Robert J. Laier, America Fore; treasurer, E. Richard Sprague, Home; executive committee, Calvin Baile, London & Lancashire; J. B. Kidder, Fireman's Fund; Howard Waterhouse, Aetna Fire, and Alan H. Cantrell, Glens Falls.

The Indiana Blue Goose is giving a country style dance Feb. 14.

Montana Fire Underwriters Assn. conducted an inspection of Laurel, and that evening at a dinner attended by 100, William E. Rae, Royal-Liverpool, Great Falls, gave a talk, and W. H. Trapp of Billings, president of the association, presided.

Fresno Branch Expanded

The Travelers companies have opened a complete branch office at Fresno, Cal. to write and service life, accident, group, casualty and fire and marine insurance.

Travelers has maintained an agency branch at Fresno since 1925 but much of the business of the region has been handled through the San Francisco office.

Miss. Coverage Doubled

Since Jan. 1 when the Mississippi auto financial responsibility law went into effect, the state highway patrol finds that 55% of those reporting accidents have liability insurance. It was estimated that 26% of the vehicles were insured prior to Jan. 1.

License Balfour-Guthrie Ins. Co.

The new Balfour-Guthrie Ins. Co., organized by Balfour-Guthrie Co., Union of Canton and Pacific Molasses Co., has received its California license for fire, sprinkler, burglary, plate glass, automobile and miscellaneous business. It will be operated by the general agency and insurance division of Balfour-Guthrie.

Peerless Casualty Writings Up

Net premiums written by Peerless Casualty last year totaled \$11,540,822 as against \$9,035,261 the previous year.

A. E. Emerson has sold his agency at Winterset, Ia., to E. C. Vierling.

S. C. School Bus Cover Goes Sour; Insurer Changed

Insurance on the school buses of South Carolina has now been placed in Manufacturers Casualty following cancellation of the line by National Surety. The insurance is carried under a new South Carolina law requiring such coverage and the National Surety policy had been arranged by South Carolina Assn. of Insurance Agents.

National Surety found that in its first six months incurred losses were \$51,000 and the premium \$24,000. National Surety sought unsuccessfully to have the premium adjusted and being unable to do this served notice of cancellation. The Manufacturers Casualty annual premium is about \$72,000. Director King of the state sinking division said he was opposed to the National Surety plan for premium adjustments. This would have meant periodic refixing of rates and the state wanted to have a figure that it could depend upon.

Canada Auto Rates Up

TORONTO, ONT.—Insurance rates for pleasure cars are to be increased 6% as the result of last year's unfavorable experience, W. C. Butler, president of All-Canada Insurance Federation announced. Business cars will take a boost of 9%.

"In Ontario one out of every six insured cars was involved in an accident which resulted in a property damage or public liability claim," Mr. Butler said.

Claim Assn. Chairman Named

Committee chairmen of International Claim Assn. have been appointed by

Frederick T. Bernhard, Home Life, president.

John G. Kelly, Mutual Life of New York, heads the program committee; O. D. Welch, Kansas City Life, entertainment; Leslie Bergman, Fidelity Mutual Life, transportation; Wallace Wessels, Phoenix Mutual Life, hotel accommodations; John D. Steudel, Aid Assn. for Lutherans, auditing, and John W. Graham, Imperial Life of Toronto, law.

School Head "Provoked"

School Superintendent J. B. Woodside of the Willoughby-Eastlake, O., school was quoted by the Willoughby Republican-Herald as saying he was "provoked" at the form letter which had been sent out in behalf of World of Omaha from its Cleveland offices stating that the school board had adopted the World's plan of accident insurance for students and had given it their "wholehearted" backing. Mr. Woodside was quoted as saying there had been no authorization to use any such method of solicitation and definitely no "wholehearted" adoption of the insurance plan. He said the board did give permission to World to sell the insurance in the district after an informal discussion, "but we certainly didn't recommend the insurance to anybody." This is a policy with a premium of \$1.25 covering accidents on school grounds while taking part in school activities or while going to or coming from school.

Insurance Women of New York at its January meeting in New York City heard Sheridan H. Garth, author of "The Pageant of the Mediterranean", on "Everyone Can Afford to Travel".

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EDITORIAL COMMENT

The Fire Insurance Examiner—Note No. 1

The National Underwriter, starting herewith, is going to print observations of company executives and two or three agents on the place of the fire insurance examiner in general, how he can aid in business development and in maintaining cordial agency relationships, what his future looks like with especial reference to multiple line underwriting and the development of electronics in the business machines field. These observations were solicited by Levering Cartwright, the executive editor of The National Underwriter, to provide the substance of a talk that he was called on to make recently before Assn. of Fire Insurance Examiners of Chicago. Those in the audience were attentive to the suggestions that are recurrent in several of these letters. The first note is from an executive of a company in the east, reading:

It is certainly a fact that many examiners of insurance companies have more direct contact with agents than many field men. This contact, of course, takes place through business correspondence. Any examiner writing letters to agents needs more than a passing knowledge of the techniques of letter writing. We felt this subject of sufficient importance to train over 150 persons in this office in the specific technique of written communication. In addressing the letter writing classes here in our office, I have tried to make the point that one poorly worded thoughtless letter can destroy the work done by a fieldman over a period of weeks, months, or years. Generally, the agent who receives such a

communication does not make a specific complaint and unless the fieldman receives a copy, he is unaware of the damage that has been done until a considerable period of time has elapsed. We feel that examiners can contribute a great deal toward building business in the particular territory over which they have supervision. For example, an examiner may see several policies going through on a group of buildings in one location. If he is alert and has a knowledge of insurance principles, we expect that he will write a communication to the fieldman suggesting that on his next call to the agency that he recommend blanket coverage.

When a fire insurance examiner sees a large household furniture policy, we hope that he will recommend to the fieldman that consideration be given to a personal property floater. In respect to multiple line underwriting, we are, at this time, underwriting all of our automobile business, both physical damage and liability, through a single examiner. Most of these persons have had their initial training in the physical damage field. Furthermore, our fire examiners are, at the present time, underwriting a limited theft endorsement, the glass endorsements that are attached to fire policies, and the homeowners' policies which cut across many branches of the business. I am told that in one large company group the automobile examiner, the burglary examiner, and the fire examiner have desks alongside of each other. Periodically, these assignments are changed so that they can broaden their view of multiple line underwriting.

Where a Little Help Would Help

A fire insurance executive remarked the other day that with the cost of living at an all-time peak, those who carry insurance, of whatever kinds, are becoming increasingly sensitive to the premium load and particularly when premiums are irregularly spaced and for quite widely varying amounts, as is usually the case. He mentioned the use of salary allotment plans for paying life insurance premiums, but feels that an effort should be made by insurance companies to get employers to set up plans so that employees could pay for all their insurance by level-amount deductions from salary each month.

This executive pointed out that such a plan would be a much appreciated service to most insured as a way of smoothing out the peaks and valleys in the average employee's insurance premium payments.

The proposal would of course make more work for the employer's already overburdened accounting department but such departments are already geared up to take care of numerous other types of deductions. In many corporations the extra work of paying insurance premiums for employees might well be considered a cheap investment in bolstering employee mo-

rale. With the more general use of machine accounting and evolution of new methods for mechanized accounting, it seems likely that systems of taking care of employees' premium payments on a salary allotment basis could be worked out without too much of a load on the accounting department and to the very real advantage of the employees.

ican Glass Co., and Mrs. Beris left Feb. 5 for Miami, Fla., where they will spend about two months vacationing. Last year they spent three months touring a number of European countries.

Joel Royal, an inspector in Oregon for Northwestern Mutual Fire, captured a criminal the other day at Portland. While in a parking lot he was able to intercept and collar the man that was being chased by a police officer. Mr. Royal was formerly a Portland policeman.

Arthur M. O'Connell, prominent Cincinnati agent, and Mrs. O'Connell have gone to Naples, Fla., for a two-week vacation.

Edward L. Scheufler, Kansas City attorney who handles insurance matters and who was former insurance superintendent of Missouri, reportedly has been agreed upon by Republicans for the office of United States attorney at Kansas City.

Norman Freeman of Rollins Burdick Hunter Co., is chairman of the insurance group for the Chicago Red Cross drive.

Norman K. Barrett, underwriter of U.S. Aviation Underwriters in the New York head office, has been recalled to duty in the navy, where he served as a flyer in the last war. He returns as a lieutenant commander and is now in Miami for a refresher course. Just before his departure he and Miss Annalise L. Biegler of Stamford, Conn. were married there.

C. R. Williams, assistant secretary of America Fore at Chicago, on Feb. 7 will go to Austin, Minn., to attend the 60th wedding anniversary of his parents, Mr. and Mrs. J. D. Williams of that city.

George Feindt, the retired Illinois state agent of North America, who died at Chicago last week, left an estate of \$616,000.

Mr. Feindt was the last surviving member of his family. He left \$80,000 to seven personal friends and to the Alpha Epsilon Chapter of Phi Kappa Sigma, his fraternity at Illinois Tech. The remainder of the estate is to go to four charities—the German Old Peoples Home of Chicago, Illinois Institute for the Blind, Illinois Tech, and Chicago Shriners Hospital for Crippled Children. Mr. Feindt, incidentally, was not a Mason, but he had a high regard for the work of the Shriners Hospital.

The personal friends who will share in the \$80,000 are Dan J. Harrigan, who retired last year as Illinois state agent of St. Paul F. & M.; Leo Davis, state agent in Illinois for American and formerly with North America; Albert Mauerman, who is with the Webster-Heskett-Mauerman local agency at Danville, Ill., and who once was in the field with North America; Robert Fisher, who is in the investment busi-

PERSONALS

Travis T. Wallace, president of Great American Reserve of Dallas, has been elected president of the Texas division of American Cancer Society. He has been active in the cancer educational and fund raising program of the society since the Texas division was formed in 1945.

Alexander H. Miller, Vermont banking and insurance commissioner, has recovered from injuries sustained in an early January automobile accident and returned to his desk.

Reed Penington, Denver managing general agent, and Mrs. Penington have returned from a Florida visit of five weeks or so. They lived most of the time on Ohio Casualty's cruiser "Ocasco" at Bahia Mar, Fort Lauderdale, and when fishing at Bimini, Mr. Penington had the thrill of landing a 364 pound marlin on a 28 thread line.

C. G. Thro, assistant western manager of Crum & Forster, and **E. B. Kaufman**, who heads the automobile department, are in Mayo clinic at Rochester, Minn., where they underwent minor surgery.



Paul H. Mast

Paul H. Mast, who will become secretary-manager of Wisconsin Assn. of Insurance Agents about March 1, has for the past four years held a similar post with the Iowa agents' association, and has made a notable record in increasing the membership of

that organization. His successor in the Iowa post has not been named as yet.

William Culliton of Culliton, McDonald & Sargent, Seattle, has been elected Republican state committee chairman. He was head of the Republican state finance committee during the preelection campaign.

John C. Harding, retired executive vice-president of Springfield Fire & Marine, is on a Hawaiian trip.

Benjamin Beris, president of Amer-

Editor: Kenneth O. Force.
Associate Editors: John C. Burridge, Charles C. Clarke, William H. Faltysek and F. A. Post.
Assistant Editors: Ellsworth A. Cordesman and Warren Kayes.

Executive Editor: Levering Cartwright.
Production Manager: Carl L. Wood.
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Howard J. Burridge, President.
Louis H. Martin, Vice-Pres. & Secretary.
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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales

Director: George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—707 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwest Manager.

DES MOINES 12, IOWA—3333 Grand Avenue, Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1102 Lafayette Bldg., Tel. Woodward 3-2826. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beckman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

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ness in Chicago, and Mrs. Walter E. Miller of Chicago, and her two sons, Lewis and Robert. The late Mr. Miller was at once time with Great American, then with Westchester Fire and then with Fred S. James & Co. of Chicago.

Mr. Feindt's estate consisted principally of real estate and securities.

DEATHS

W. A. Scanlon, Veteran V.P.

of Natl. Underwriter, Dies

William A. Scanlon, vice-president of THE NATIONAL UNDERWRITER and a



William A. Scanlon

been at Boston and he had been in charge of the New England territory. He was stricken in December and was taken to Chicago, since Mrs. Scanlon and their two children had returned to their old home at River Forest, Ill., in anticipation of Mr. Scanlon's retirement. Mrs. Scanlon had resumed teaching in the Chicago public schools.

Mr. Scanlon was born and brought up at Chicago and in his pre-NATIONAL UNDERWRITER days had been in the fire insurance business, including a period of service with Royal. He was an outstanding player in the old insurance baseball league in the days when that was an athletic activity of city-wide note. He served as a lieutenant in the first war.

Throughout his years with THE NATIONAL UNDERWRITER he had traveled in many parts of the country and wherever that was he soon became a welcome visitor in insurance offices. He formed lasting friendships and he followed the fortunes and problems of his insurance friends and customers with keen interest and concern. In his earlier days he traveled Texas and the southwest and made his imprint there. His greatest attachments, however, were in the midwest area, especially in Illinois, Indiana, and Missouri where he kept to a regular circuit for

many years and where he was always at home and always cordially received. With his quiet good humor and intelligent interest many insurance people liked to discuss their problems and aspirations with him. He was particularly treated to tales of woe during the depression years; his was a shoulder that was good to cry on. Although his work was advertising and sales, he followed insurance news intently and kept a steady string of copy flowing to the editorial department and also conveyed to editors underlying trends that he discovered from hearing common mention in the course of his travels.

The funeral services were held at St. Luke's Church, River Forest, Ill., Saturday morning. The Scanlon children are Mary Alice, who is 17, and William A. Scanlon, Jr., 16.

OLIVER B. OLSEN, 64, died at Lansdowne, Pa. An examiner for North America, he was a lifelong resident of Chicago until transferred to Philadelphia 12 years ago as supervising examiner in the underwriting department. Mr. Olsen received his early training with America Fore, going with North America in 1919.

CHARLES M. MARKHAM, Dallas local agent, died at his home at the age of 61. He represented Hartford Live Stock and was a big writer of live stock insurance. He had been especially active in the horse field until recent years.

JOHN B. SHELNUTT, 73, founder of the J. B. Shelnut Salvage Co., from which he retired in 1948, when it was taken over by Underwriters Salvage Co. of Chicago, died at Louisville,

O. T. KEPLINGER, Houston, a retired adjuster for New York Underwriters, died there. He was a charter member of South Texas Blue Goose.

ERIC C. GAMBRELL, who was a partner in the Dallas local agency of Seay & Hall, and was president of Texas Assn. of Insurance Agents in 1942, died in a Dallas hospital at the age of 50. He had just been named pontiff of Hella Shrine Temple and a Shrine entertainment function that had been scheduled for the day of his funeral was postponed indefinitely. He had resigned a few weeks ago as chairman of Citizens Traffic Commission because of the condition of his health. He had been in the hospital since Jan. 3.

He attended Rice and graduated at Southern Methodist in 1923 and he started with Seay & Hall in 1922, and from 1924 for five years was suc-

sively a field man for R. D. Coughman & Son general agency, Industrial Ins. Co. and Royal. In 1929 he became a partner in the Oldham & Gambrell agency. He returned to Seay & Hall in 1935. He was an air force major in the last war. He was a past president of Dallas Junior Chamber of Commerce. He was president of Dallas Assn. of Insurance Agents in 1933-35. He was an organizer and past president of Insurance Club of Dallas.

RICH J. MIER, 88, former executive of Pacific Mutual Life, died at Los Angeles. He started with Pacific Mutual in 1881 as office boy at the home office, then at Sacramento, and worked in various departments. When the accident department was organized in 1885, he became its executive in charge and—later as vice-president and director—remained its senior officer until his retirement in 1936. For many years he owned the oldest Pacific Mutual policy in force.

EDWIN R. SPENCER, 58, senior partner of Spencer & Spencer, Chicago agency, died of a heart attack at Sarasota, Fla., where he had been vacationing. He had been in the insurance business at Chicago 35 years, beginning with Johnson & Higgins casualty department shortly after the first world war, where he served in the army air corps. A few years later he went with R. N. Crawford & Co. and from there joined Meeker-Magner as a broker, forming a partnership with Joseph J. Merki as Merki-Spencer. In 1942 Mr. Spencer founded Spencer & Spencer as a partnership with his son, Edwin R., and specialized in nationwide accounts. Seven years later his other son, Donald J., was admitted to the firm. For a brief interim during the early '30s Mr. Spencer was resident vice-president of Associated Indemnity and before that was casualty manager for Massachusetts Bonding. His sons will continue the business in the same name and location.

GEORGE J. ROBLING, local agent at Scranton, Pa., died there. He had been in ill health for some time.

TREDWAY GRAVELY, 74, head of the Gravely Bros. agency at Danville, Va., who had been in the insurance business there most of his life, and long identified with the city's business and civic life, died after a long illness.

SHELBY S. STEELE, local agent of Greenwood, Miss., died after a long illness at the age of 72.

R. D. THILBRICK, General Adjustment Bureau at Enid, Okla., died at the age of 39.

HOWARD S. SNYDER, York, Pa., local agent for 15 years, died at his home.

Oklahoma Rates Reinstated

National Bureau Back on Dec. 15 Auto Liability Schedule

National Bureau of Casualty Underwriters has announced that, effective immediately, it is reinstating the automobile liability insurance rates which were in effect in Oklahoma prior to Dec. 15. In announcing this action, the bureau stated:

"In its order dated Jan. 14, 1953, the state insurance board disapproved, effective Feb. 9, 1953, the revised automobile liability insurance rates filed by National Bureau of Casualty Underwriters which became effective Dec. 15, 1952.

"This disapproval has created a serious problem so far as the orderly handling of business is concerned. Rather than to develop within the short time available a new filing which might meet with the approval of the board, we have concluded that it will be preferable to reinstate as of Feb. 2, 1953, the rates which were in effect just prior to the Dec. 15 revision.

"This is not to be construed as concurrence with the principles that guided the board in its disapproval order, and neither should it be considered as rejection of the procedures that the board's order implied would meet with approval if incorporated in a revised filing.

"When later experience data become available for rate review purposes, a new filing will be developed which it is hoped will meet with the approval of the board.

"As to policies written to become effective between Dec. 15 and Feb. 2, the reinstated rates may be retroactively applied to Dec. 15, 1952."

General Agents in Four Midwest States Organize

A new regional association of managing general agents in North and South Dakota, Minnesota and Wisconsin has been organized under the name of Upper Midwest Assn. of Managing General Agents. George D. VanWagenen of Minneapolis is president; George J. Leonhard, Jr., Madison, is vice-president, and J. R. Brink, Brink-Linnell, Minneapolis, is secretary-treasurer.

J. Leonard Brown, Denver, president of American Assn. of Managing General Agents, was on hand at the organization meeting.

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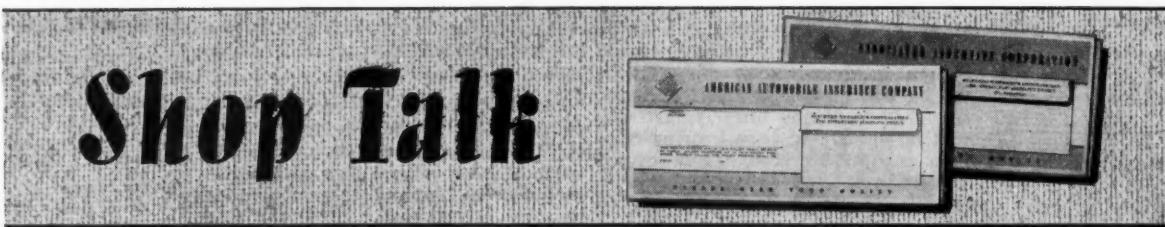
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AMERICAN-ASSOCIATED INSURANCE COMPANIES • SAINT LOUIS 2, MISSOURI

AMERICAN-ASSOCIATED ATTACKS UNREASONABLE JURY AWARDS

Tie-In Material Offered to Producers

American-Associated is offering without charge the following material, based on each of the national magazine advertisements as they appear, to individual Agents and Brokers as well as State Association and Local Boards for use in their own communities:

Poster blow-ups
Newspaper ad mats (4 columns x 11")
Direct mail folders
Eased counter cards

How to Order

These materials may be obtained through any of the Companies' 27 Branch Offices or by writing to the Advertising Department, American-Associated Insurance Companies, Saint Louis 2, Missouri. Materials for each advertisement will be released just prior to the appearance of the ad so that local efforts can be coordinated with the national program.

National Magazine Advertising Explains How General Public Is Being Affected

To combat the important problem of unjust jury awards which affects all segments of the insurance industry as well as the general public, *American-Associated Insurance Companies* are undertaking a national advertising campaign.

Requests for nearly 400,000 copies of the pamphlet made available a few months ago entitled "Will this jury be generous with your money" has encouraged *American-Associated* to believe that the nation's Producers are as much concerned over this subject as are the companies.

Scope of Campaign

Spearheaded by four full-page messages in *Life* and *The Saturday Evening Post* (two advertisements in each magazine) and including a co-ordinated public education program, the effort is believed to be the first—and certainly the most extensive—

national campaign directed against excessive and unfair jury awards.

To enable Agents, Brokers and other community leaders to tie in on the local level with this national program, a variety of material is being made available without charge by *American-Associated*. In addition, news of the program will be sent to editors, civic groups and opinion leaders throughout the country.

Attention-Attracting Ads

Each advertisement tells in a simple, direct manner how unreasonable and excessive jury awards are affecting the insurance buying public. To attract high readership, dramatic photographs by Valentino Sarra are used.

The reading matter explains the problem without attempting to criticize any individual or group either directly or by implication. The fact that most claims are amicably settled out of court is pointed out in each advertisement; and the effect of excessive jury awards on these out-of-court settlements is also shown.

In view of the tremendous scope of the problem, *American-Associated* looks upon its campaign as a contribution to what it hopes will become an industry-wide program.



MORE THAN ONE OUT OF EVERY THREE potential jurors will see at least one of these advertisements appearing in *Life* and *The Saturday Evening Post*. Based on total readership-per-issue figures for each magazine more than 70,000,000 persons will see these messages.

A, B, C Classing for Blanket Bonds Is Criticized, Defended

Too Flexible, Some Underwriters Say; Improperly Used, Others Contend

NEW YORK—Rising commercial fidelity losses have led to some criticism of the rating system applicable to blanket bonds in that field and to discussions of changing from an employee classification basis to gross sales or payroll.

It is the personnel classification into A, B and C employees, and its increased use with the spread of blanket bond, which in so many firms has replaced the bond written on the individual, that gives the present rating method its flexibility. The flexibility, it is said, is subject to abuse by underwriters, which has led to criticism of the system.

It is not surprising that in a period of rising loss ratios a more precise and less easily modified rating machinery is desired by companies concerned about their experience. But there is a division of sentiment in the business as to how satisfactory payrolls or gross sales might be if substituted for employee classes. Each is used as a rate base in other lines and both have their weaknesses, it is said.

Surety Assn. of America believes the employee classification system is the best one yet devised for the purpose. It is the product of years of study and experience.

As Peter A. Zimmermann, assistant secretary of the association in charge of commercial fidelity rating, points out, the rating method is not rigid. It leaves something to the judgment of the underwriter, especially as to the number of A and B employees. These are the ones for which charges are made. C employees of course are free.

Mr. Zimmermann notes the feeling that the rating method is too flexible and leads to too much juggling of premium but points out that the flexibility is vital and the juggling is improper. It is quite likely that if underwriters applied the proper measurements to employee classification, they would be getting enough money to pay losses and produce a reasonable profit. The rating system is satisfactory if every underwriter uses it the same way. If they sharpen the pencil and begin to shift A employees to B, they are inviting trouble.

It is true that underwriters are tightening up, they are today applying measurements more accurately, and as a consequence, the rating machinery is working better than it has for some time.

The rates used to be so much per \$1,000 of cover on the individual. In the development of and conversion to blanket coverage, a certain amount of flexibility was essential in order to persuade insured to cover all employees, rather than do what he formerly did, select a few key people and put them under individual bonds. Insured might

(CONTINUED ON PAGE 34)

Conference Group Rally Draws Record Crowd

Panel Discussions Keep Group Rally of Sparkling Pitch

Leaders in the group A. & H. field doffed competitive attitudes at the H. & A. Underwriters Conference group committee meeting in Chicago for a concerted approach to solve some of the current vexing problems. The two-day group committee annual parley was preceded by an all day session of the hospital-medical committee. Attendance was a record 324.

Following opening remarks by Roy A. MacDonald, conference assistant director of group and underwriting, Robert R. Neal, vice-president of North American Accident, conference president, and C. O. Pauley, managing director, briefly addressed the group committee gathering before the session chairman took charge.

The need for putting into practice some of the good business principles advocated by the speakers at the group meeting was stressed by R. C. Knoblock, Washington National, conference group committee chairman. He said the group business as a whole is now in accord with the idea that the point has been reached where more than lip service must be paid to the idea of getting proper rates and using proper underwriting for this line.

All companies are guilty of some violations of proper group underwriting principles from time to time, Mr. Knoblock said. Stretching the idea of group has gone so far, he added, that he has heard of one case on "an association of former policemen." Group writing manuals are entirely ignored in cases like this. The majority of group companies have recently decided that they must change their ways and operate on sounder principles both from an underwriting and rate standpoint. The idea of making a profit on group business is gaining in popularity.

Company income, or "price" of group business, was considered by a panel consisting of D. O. Smith, vice-president of American Casualty; G. I. Hilliard, agency supervisor of Washington National, and Joseph Moran, group underwriter of New York Life.

Mr. Smith prefaced his discussion of level vs. graded commissions and premium volume discounts by espousing what he termed his basic philosophy of group insurance. Staunchly advocating freedom of action, Mr. Smith expressed disfavor with standardization of rates, regulations or underwriting approach that would affect the cost of group coverage. Standardization is anything but a panacea for poor group loss ratios, he noted.

It is not a matter of choosing between level and graded commissions as a company principle, Mr. Smith said, but rather making the proper choice for individual risks. He said he favors use of each, the selection for particular risks depending on which of the multi-

(CONTINUED ON PAGE 32)

One-Day Session on Hospital and Medical Reviews Cost Problems

The meeting of the hospital-medical committee which opened the three-day gathering of the conference at Chicago was attended by about 250 company people. Don R. Hodder, Woodmen Accident, presided as committee chairman.

John P. Hanna, associate managing director, who has just returned from a two-year hitch in the navy, was given a welcome, and Conference President Robert R. Neal, North American Accident, introduced Bruce Gifford, a new member of the staff.

The question of what can be done about rising costs was taken up by Robert W. Carey, New York Life, who said the general feeling seems to be that insurers can do very little about controlling hospital and medical charges and have no alternative other than to adjust rates and attempt to fit coverages to the trends in the field.

The principal way in which the business has been making progress on this problem is through Health Insurance Council and its committees, Mr. Carey said. While the council has no immediate solution, it is, through the dissemination of information regarding hospital charges, public relations work with hospital administrators and doctors and of introduction of hospital admission plans, making strides in the right direction. By taking these steps, the A. & H. people will have a better insight as to what the problems of hospitals are and they can build a better understanding with hospital people concerning insurance problems.

There is a good possibility that hospital expense business may be the salvation of A. & H. in the event of another depression, Mr. Carey opined. When times get bad the loss ratios on income disability mount, while it might be that in a period of recession fewer people would go to the hospital, since more often than not they would be a co-insurer. The feeling has also been advanced that during a recession people postpone whenever possible having surgery performed as they cannot afford to be off work and lose income.

Despite the fact that there is a general concern and complaint about high loss ratios on hospital business, there is still no evidence of a stampede to ask for higher rates or new forms on renewal business where the companies have a right to do so. "It may be that some of the companies that claim they are having difficulty with their hospital business are harboring hopes that the hospital rates have reached their pinnacle," he said, but adding "on the basis of all information available this would seem to be fallacious thinking since all indications are that hospital rates both for room and board and ambulatory services will increase before there is any sign of a lulling off period."

The realistic approach would be to
(CONTINUED ON PAGE 5)

Clubby Plan for Banks to Buy Excess Fidelity Cover Hit

Program of Bank League and Scarborough

Martin Lewis, general manager of Surety Assn. of America, has now taken off his mitts and has gone in swinging against a clubby system for banks to buy excess fidelity insurance. He came out in a slugging statement when there was sent out by the Jos. W. Hicks Org. of Chicago, a release on the activities of Bank-Share Owners League regarding, among other things, its plan "to make available" to members of the league, the excess fidelity protection. President of B.S.O.L. is J. Ross Humphreys, president of Central National Bank of Chicago. Mr. Lewis said that this "so-called" league was organized, sponsored and operated by a Chicago Lloyds broker. Scarborough & Co., of Chicago, of which Henry Scarbrough is the head, makes no bones of the fact that it is interested in this activity.

National Assn. of Bank Advisors & Comptrollers at a meeting not so long ago at Milwaukee, behind closed doors, adopted a negative position on this matter.

The Hicks organization said that B.S.O.L. at a meeting at Washington of government and banking people outlined plans to assist banks in reducing embezzlement losses. One aim of B.S.O.L. according to this release, is to provide an educational program for banks to use in their employee relations work in combating embezzlements and thereby encourage better audit control as a deterrent to embezzlement losses.

Mr. Lewis said "it is absurd" to think that governmental agencies or such "fine independent business organizations" as insurance and protective committee of American Bankers Assn. and N.A.B.A.C. could possibly even consider any program advocated by a Lloyds broker when Lloyds is legally licensed in only two states.

A.B.A. well knows, he said, the the low rates for blanket bond coverage for financial institutions are due solely to the voluntary reductions in cost made by S.A.A. since 1936, "frequently to the consternation of illegal insurers."

The publicity on this "unlicensed" insurance, he said, crystallizes the matter and Mr. Lewis expressed the belief that it will solidify the opposition and that the insurance producing organizations of the country will be heard from on "this attempt to accomplish by indirectation that which could not legally be done otherwise."

"Even this attempt," he said, "will find its legal pitfalls. It is absurd, furthermore, to think that a Lloyds broker could ever hope or expect to acquire as sub-agents or sub-brokers,

(CONTINUED ON PAGE 18)

Radium Case Is Held to Be Caused by "Accident"

Claim for disability caused by exposure to radioactive material is not excluded under a general liability policy written on a caused by "accident" basis, the Illinois supreme court holds in Canadian Radium & Uranium Corp. vs. Indemnity of North America, 7CCH (Fire & Casualty) 1045. The courts below had held for the insured.

Mary Moore, laboratory technician for Radium Industries, Inc., which was a licensee of Canadian Radium & Uranium, was the claimant. Radium Industries was manufacturing radon ointment and Canadian R. & U. furnished the equipment and materials. She asked \$200,000 damages and the insured, which proceeded with its own defense, made a settlement of \$6,964.

Indemnity of North America denied liability on the ground first that the claim involved an occupational disease and was not for disability caused by accident, secondly that the claim

was excluded under the products exclusion, and mentioned that the insured had relinquished possession of the product to Radium Industries, Inc.

The supreme court said that the disability was an event that took place without the claimant's foresight or expectation, hence falls within the first part of definition of an accident as "an event that takes place without one's foresight or expectation; an undesigned and sudden unexpected event." Then the court went on to say that if the nature of radium were such that it could accomplish its injury in a single blinding exposure due for example to faulty emanators or equipment or improper handling because of inadequate instruction, there could be little doubt as to the "accidental" nature of the event. The fact that the use of the faulty emanators or the improper handling must be carried on a number of times to effect the injury does not render the event any less accidental as that term is commonly understood by the ordinary business man, the court said.

The court said that the restricted meaning of the word "accident" that is found in the Illinois workmen's compensation act does not apply here, and that because the usual meaning of the word is broader and covers the present situation, and that because the ambiguity which would otherwise result would have to be resolved against the insurer, the decision of the appellate court cannot stand.

The court said it was not compelled to answer the question of whether the claim was excluded under the products clause since the lower courts held for the insurer exclusively on the ground that it was not an accident.

Douglas Named Chairman

Charles Francis Adams, former chairman of the executive committee of Employers Liability, has been appointed honorary chairman. He is succeeded as chairman by Lewis W. Douglas, former ambassador to England, and chairman of Mutual Life of New York.

Edward C. Stone, former U. S. manager, has been made vice-chairman of the executive committee. He is now a member of the Massachusetts senate. Rejoining the executive committee is Thomas K. Finletter, recently secretary of the air force.

Somerville Retires as Director

William F. Somerville has retired as a director of St. Paul-Mercury Indemnity on completing 50 years in insurance. He started his career in London in 1903. He came to America and later was with Hartford Accident at the home office. After several years with the Lumbermens Mutual Casualty at Chicago, he joined St. Paul-Mercury in 1930, was appointed assistant secretary in 1937, secretary in 1943, and a director in 1950. He retired as secretary in 1951, but continued as a consultant.

W. E. King has been elected a director to succeed him. Mr. King joined the companies in 1941 as an attorney in the claim department, is now secretary of all the companies in the group, and will continue to act as assistant to M. D. Price, president of St. Paul-Mercury.

Ask Increased Authorization

Stockholders of Peerless Casualty at the meeting Feb. 16 will vote on a proposal to increase the authorized capital from \$2 million to \$3 million. The par value is \$5.

Maryland Report Shows Good Gains

Maryland Casualty in its new statement reports a surplus to policyholders of \$35,729,836 which was an increase of \$2,477,996 for the year. There was an underwriting profit of \$3,329,885 which compares with an underwriting loss of \$1,129,330 in 1951. Net income before federal income taxes was \$6,161,719 as against \$2,955,351 the previous year. Net premiums were \$76,162,057 which was an increase of better than \$1 million. Net investment income was \$3,033,739 against \$2,852,269.

As of Dec. 31 about 40% of the original issue of \$1.05 convertible preferred stock or 191,253 shares, had been converted into 217,021 additional common shares.

Earned premiums were \$74,240,132, claims and claim expenses \$42,414,358, commissions \$16,177,685, taxes except federal income \$2,484,204, general underwriting expenses \$9,834,000. Federal income taxes were \$2,465,809.

Lazy Employees Can Foster Embezzlement: Schisler

Most embezzlement losses are due to breakdowns in the control systems prescribed, not to inefficiency of the system, says Herbert N. Schisler, controller of Fidelity & Deposit, in an article, "Fraud Can Take Place in Well-Designed System if Working Rules Are Not Followed," in the February issue of the Journal of Accountancy.

Mr. Schisler points out that fraud is made easy by small, unseen shifts of responsibility, that most large defalcations are not the work of masterminds but are due to the failure of an employee or auditor to carry out a simple assignment. The author attributes this to the inclination of most employees to "let George do it," which gives the dishonest employee an opportunity to enter the picture by offering to take over part of a fellow-worker's duties.

Mr. Schisler also gives in his article several examples of how fraudulent losses occur and how the company auditor can circumvent them.

Wayland Attorney-in-Fact

George L. Wayland is the new attorney-in-fact of Lumbermen's Lloyds of Lufkin, Tex. He succeeds the partnership of A. G. Nash and Beall Smith. The underwriters certificates that were owned by Messrs. Nash and Smith were bought by a group of 23 east Texas industrialists who are mainly lumber men and who have had the majority interest, together with Mr. Wayland. The latter had been deputy attorney-in-fact and has been with Lumbermen's Lloyds almost since its origin. J. K. Leaman is manager of Lumbermen's Lloyds.

Auditors Hear Surety Talks

James Lobdell of the surety department of General Casualty spoke on "Case Histories of Employee Defalcation" at a meeting of the Puget Sound chapter of the Institute of Internal Auditors at Seattle. The following day John C. Cotton of the surety department of United Pacific spoke on "Necessity of a Fidelity Bond".

Charles G. Kuechler, retired Chicago manager of North America, is sailing from New York Feb. 10 on the Constitution for a Mediterranean cruise. He expects to go to London to visit friends and to return on the United States leaving Southampton April 16.



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Dewey Holds Key to Outcome of Compulsory Bill

He Can Push It Through If He Wishes; Legislators Said To Be Opposed

NEW YORK—The issue of compulsory automobile legislation now seems to be shaping up into a real fight as producers, insurers, and even the lawyers marshal their forces in opposition. The word from Albany is that Governor Dewey may make the compulsory unsatisfied judgment fund impoundment measures a part of his party program and consequently something he will go all out to obtain.

It is the private view of those who understand Governor Dewey's temperament, once he has set his mind upon the attainment of an objective, and who recognize how his political and patronage power increased with the recent election, both in the state and federally, that he can have the legislation if he wants it and insists upon it. He has larger working majorities than he has ever had before.

There is a lot of opposition to compulsory among Republican legislators, and it is still hoped that Mr. Dewey will consent to some alternative method of meeting the problem of the uninsured motorists who are financially irresponsible. Mr. Dewey has not yet indicated that he will make the compulsory package a part of his party legislative program, which would be taken as the final decision to go all out for it.

Legislators undoubtedly recognize that the insurance interests, notably the producers, scattered over the state, have some political power. They know that producers will remember who voted for the package, when it comes to the next election. This means something to those who might want to be back in the legislature but might be less persuasive with Mr. Dewey, who

has indicated he will not run for state office again.

It is understood that the administration, which means primarily the insurance department, will bring in a compulsory bill, an unsatisfied judgment fund bill (though there is some hint that it may not be called this) and an impoundment measure as the program. Though the measures would avoid the pitfalls of the Massachusetts compulsory law by including property damage liability, normal expiration of policies, the continuation of the business by the private insurers as it is today, etc., it is interesting that from the start there seems to have been no question but that UJF would have to go with compulsory.

New York State Bar Assn. at its annual meeting in New York City adopted a resolution opposing compulsory automobile. It proposed instead an unsatisfied judgment fund created by a tax on insured motorists and insurers.

Assn. of Local Agents of New York City has addressed a letter to state legislative leaders, signed by Russell Edgett, the president, again stating that its members are opposed to compulsory automobile insurance and calling for more emphasis upon rigid enforcement of existing motor vehicle and traffic laws and regulations.

New York Chamber of Commerce's committee on insurance has urged the legislature to reject compulsory automobile. It suggests impoundment, which would virtually force uninsured vehicles off the highways. It notes that compulsory diverts attention from safety.

Greater New York Insurance Brokers Assn. has sent to Governor Dewey and other leaders of the legislature a call for a public hearing on any proposed compulsory measures.

Aetna Life Results Are Handsome

The premium income of the Aetna Life companies increased \$65,977,394 to \$589,831,457 during 1952. Premiums of Aetna Life were \$404,485,157 of which \$143,929,234 was A. & H. The latter was an increase of \$21,559,559. Aetna Casualty's premiums were \$124,673,102, increase of \$17,851,370; Automobile and Standard Fire \$60,673,198, increase of \$3,815,751.

The surplus in Aetna Life is \$90,586,678, an increase of \$14,780,252; surplus in Aetna Casualty is \$38,755,448, an increase of \$3,769,957; in Automobile the surplus is \$21,651,057, up \$1,836,586, and in Standard Fire it is \$5,303,306, up \$623,061.

In Aetna Casualty there was an increase in contingency reserve of \$3,900,000 to \$18,500,000; in Automobile \$1,600,000 to \$8,100,000, and in Standard Fire \$300,000 to \$1,500,000. These increases represent investment gains arising from net profit on sales and from net market appreciation.

The assets of Aetna Life are \$2,167,995,417, increase \$192,637,675; Aetna Casualty \$222,712,821, up \$27,241,479; Automobile \$94,438,301, up \$8,455,530; Standard Fire \$19,907,771, up \$2,071,367.

For Aetna Casualty there was an underwriting gain of \$3,577,286, which compares with an underwriting loss of \$2,170,023 in 1951. Net investment income was \$5,000,609. Federal taxes took \$1,831,003, dividends to stockholders \$1,920,000, and \$1 million was allocated to employees' retirement fund.

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Tighten Up Tenn. Audits

NASHVILLE—At a meeting of all Tennessee auditors here, called by Mrs. Jeanne Bodfish, new state comptroller, plans were formulated for improving and tightening up the state's auditing

services for the 95 Tennessee counties. It was decided that hereafter any evidence of a shortage in the accounts of any county official will be reported directly to the attorney general's office for investigation and action.

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Panel Discussions Add Sparkle to Group Rally

(CONTINUED FROM PAGE 29)

plicity of interests to be considered is paramount. The underwriter must weigh his obligations to the agent, the insured, his company, and come up with a decision that will reflect creditably on him.

As to the agent, Mr. Smith said the underwriter must determine how much work he has done in originating and servicing the business, and whether he is the dominant factor, or whether the business was a windfall to him.

Mr. Smith said his company uses both plans, and then bases risks as to premium volume. Its agency contract makes commissions contingent on the loss records of individual risks.

Mr. Hilliard considered the factors that make up hospital rates in answering whether or not current charges are adequate. Mentioning that rates necessarily vary according to companies, he said charges nevertheless should cover all costs and reserves and still provide for a reasonable profit. Because some companies limit themselves geographically, or specialize as to type of risk, they can exert a competitive advantage.

It is the inclusion of the minor frills that serves to reduce or eliminate the profit factor, Mr. Hilliard commented. Resorting to this could put a company in a position of doing no more than trading dollars for dollars, ending up with a rate that doesn't contemplate a profit margin.

Mr. Hilliard abhorred the third person control of group hospital coverages, noting this is entirely inconsistent with the basic principle of insurance. This, plus the fact that the event covered by insurance is somewhat under the control of assured, makes it possible that the ultimate liability of the insurer will be dependent on whimsy.

Some less measurable influences described by Mr. Hilliard included inflation, rise in administration and operational costs of hospitals, and frequency of use of hospital facilities.

Mr. Hilliard recommended basing hospital rates on the highest expected claim costs, with reduction factors being applied to areas deserving them. He also would fully investigate use of a pro rata distribution feature similar to those used in property coverages to circumvent the overinsurance problem.

In treating rates for loss of time benefits, Mr. Moran said that current experience is considered in arriving at rates, whereas some sort of projection might afford more precision. He

noted that the expense of loss of time benefits fluctuates to such an extent that rates based on past good experience quickly may become grossly inadequate.

Increased cost of medical care, and its increasing availability, give ample basis, Mr. Moran said, for his contention that an increase in surgical rates is justified.

Mr. Moran advised using an average age in setting rates, with application of loadings when a set percentage of employees is over a certain age, such as 60, 65, or 70.

Dr. Clark G. Kuebler, president of Ripon College, spoke at a luncheon session.

The Tuesday afternoon sessions were held in the form of a three-part panel, Mr. Knoblock presiding.

George C. Johnson, group insurance coordinator, Hardwood Mutual Casualty, discussed "Are Proper Allocations of Expense Items Being Made on All Groups?" and "Are We Disregarding Sane Underwriting Rules on 'Jumbo Risks'?" He showed the interrelation between the two subjects and how if jumbo risks are in proper proportion to expenses they should have no adverse effect.

W. L. Miller, supervisor, group and salary savings department of Northern Life, covered "Agents and Brokers—Is the Tail Wagging the Dog?"

T. H. Kirkpatrick, vice-president and actuary of Paul Revere Life, considered additional amounts in high claim rates where the "luxury level" of utilization of medical services are required. He pointed out in the matter of pre-paid medical care the necessity and means for bettering relations with doctors, hospitals, unions, employers and employees so that a sympathetic hearing may result, as well as greater understanding on all sides.

Mr. Kirkpatrick said that perhaps the doctors were the "toughest to deal with" and that it is well to weigh possible claims savings against time spent in dealing with doctors, since this method is quite expensive and there is no assurance it will work.

There is no thought of cutting out legitimate claims, he declared, but excessive claims must be eliminated. And the attitude of the companies has a tremendous bearing on claim level. They must continue to work at bettering understanding and continue to provide fair, prompt treatment in order to control excessive claims.

James R. Williams, H. & A. Conference assistant director of public relations, reviewed hospital admission programs developed by the conference in the past five years. He gave their present status and pointed out how they have affected claim experience. He



Frank L. Harrington, president of Massachusetts Protective, and past president of the conference, with H. Lewis Rietz, Lincoln National Life, conference executive committee chairman, and J. W. Scherr, Jr., Inter-Ocean, former conference secretary, at the group meeting at Chicago.

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also gave statistics on the use of uniform simplified claim forms developed by the conference.

Fred W. Clark, Lincoln National Life, talking on renewal underwriting of group A. & H., said that large case demands special attention because of its relatively important effect on surplus. For a case that has been on the books for any length of time, the reliability of company statistics are usually sufficient to indicate what adjustments should be made. The premium involved is large enough to warrant detailed investigations when necessary.

The greatest difficulty in setting rates on the large cases comes from the competitive pressure to lower the gross rates and to lower retention or to liberalize coverages. The surest way to invite sudden death is to provide both low gross rates and low retentions, he said. If gross rates are to be cut, then the company will have substantial losses that must be recovered through increased retentions on the better cases.

Small groups present greater problems, Mr. Clark said, since claim statistics are of limited value and the premium involved in any one case does not warrant a great amount of detailed analysis. The underwriter must of necessity rely heavily on the adequacy of the company's manual rates. Once the company has established that an increase in its manual rate is essential, the new rate should be put into effect on existing business as rapidly as possible.

R. D. Albright, associate actuary of Provident Life & Accident, discussing cost allowances on self-administered group cases, cautioned that companies which write a major part of their business on the home office administration plan should not look for an unusual expense reduction if a shift is made to self-administration.

Under the self-administered plan, wherein the employer keeps the records and does the accounting and billing, and sometimes even the paying of claims, there is a definite lessening of company expense that can be passed along in the form of lower rates, higher dividends or greater benefits. However, if the company is already keeping records and changes to a system of letting the employer do this, the immediate saving is relatively small because most of the general overhead will continue.

He noted that there is a definite trend to the use of more self-administered plans, and this trend got a boost during the last war when insurers found it difficult to maintain adequate personnel while policyholders in war production industries could obtain all the clerical help they needed. The desire of insurers to keep down expense rates has stimulated this movement.

Discussing how administrative costs can be reduced, N. C. Morrison, Federated Mutual Implement & Hardware, recommended development of standard policy forms and certificates that still allow for flexibility; reduction of record keeping to a minimum; the use of self-administered plans whenever possible, and simple accounting procedures set up so that the policyholder bills himself.

To wind up the first day's group session, R. C. Knoblock, Washington National, and J. E. Hellgren, Lumbermen's Mutual Casualty, gave an illustrated talk in which they showed an actual group case and the division of expenses under eight headings—sales and serv-

ice, underwriting, commission, tax, administration, claim, "what's left," and a composite picture.

STUDENT ACCIDENT COVERAGE

To show the great opportunity for writing student accident and student sports insurance, Wayland Mansfield, assistant secretary of Woodmen Accident, said that with over 29,500,000 students attending more than 215,000 schools in this country, according to a recent census bureau report, it is estimated that not more than 3 million are protected by any form of school accident coverage.

He mentioned first among the three forms of most general interest, medical reimbursement available to the entire student body, written mainly on private schools and colleges as the premium can be included with the regular fees or tuition. Particularly where athletic cover is included without extra charge, he said it is desirable that it be written if possible on a full participation basis, to sweeten the experience, or in any event to require a high percentage enrollment.

On student sports insurance he said companies are now encouraging scheduled rather than blanket cover, as increasing loss ratios have run the cost so high that it is difficult to sell. If blanket is written at all, it should be with a \$5 or \$10 deductible.

Mr. Mansfield gave especial attention to the plan widely publicized and pushed by a number of insurers in recent months, known as school child accident insurance, which provides limited coverage on a voluntary basis to high school or grade school students on all school or related activities. Collection of premiums is handled by classroom teachers for the students under their supervision. Low cost is essential to make the plan attractive to parents and assure adequate spread. It is readily adaptable to public school systems, where it is usually impossible to secure payment of premiums by school authorities.

He warned of the necessity for showing the exact extent of coverage in the insuring clause. Some policies cover before and after the regular school hours. Others limit coverage for those periods to accidents when the child is going "directly" to or from school. He cited the extreme interpretation put on that wording in one court case and expressed the view that such limitations are confusing and invite litigation.

Because of this condition, his company believes that some rates now being quoted will be inadequate to provide the coverage that is really sought. It has therefore put out two forms of student accident contract, one on a 24-hour basis, but with athletic sports excluded, to keep the premium down far enough to get an adequate enrollment, and the other providing sports coverage only.



Paul Watt, president of Washington National, with Robert Rydman, of the conference staff at the Chicago group meeting.

F. V. McCullough, assistant secretary of Continental Casualty, spoke on camp coverage and F. E. Kelly, manager A. & H. department of United Pacific, took up various special groups aside from student and summer camp risks that are suitable for blanket coverage. He outlined the coverage provided, underwriting precautions required and experience of his company on amateur and semi-pro sports, volunteer fire departments, auxiliary or reserve police and fire departments, ski insurance, park board recreation programs, Y.M.C.A. activity coverage, "Pee Wee" football, basketball and baseball teams; saddle clubs, motorcycle and yachting groups.

Hartford Steam Boiler 1952 Figures Set Record

Hartford Steam Boiler reports earned premiums, underwriting profit, surplus and assets for 1952 the largest in its history.

Written premiums at \$14,745,804 were smaller by \$2,719,411 than in 1951, due to a lesser volume of renewal business. Earned premiums were \$15,049,544, exceeding those of the previous year by \$1,132,965.

Incurred losses were \$3,189,652, a decrease of \$687,699 from the previous year. Ratio of incurred losses to earned premium was 21.2% as against 27.7% in 1951.

Underwriting expenses, including losses incurred, totalled \$12,942,617, down \$1,058,873 from 1951. Underwriting profit was thus \$2,106,927. Surplus increased \$2,640,325, giving a surplus to policyholders of \$15,075,642. Assets Dec. 31 were \$41,268,580.



J. T. Helverson, Washington National, with Charles Scott, Great American Reserve of Dallas, and A. G. Frankhauser, Continental Casualty, at the H. & A. Underwriters Conference group meeting at Chicago.

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ROCK ISLAND, ILLINOIS

A, B, C Classing for Blanket Bonds Criticized, Defended

(CONTINUED FROM PAGE 29)

be sold on the idea of having a blanket bond for personnel he previously had decided needed bonds, but he had to be persuaded to include all, especially if this cost him more money than he had been spending for this protection. Thus the solution was to put certain types of employees in the B category, where the charge is nominal, and the balance in the C category without charge.

Mr. Zimmerman believes also that there is no other way in which the underwriters can arrive at a fair and equitable premium. Flexibility is essential in any rating method that is to meet the great diversity of exposure, operation, volume of commodities handled, etc. Some commercial firms sell service, some manufacture items worth cents per unit, others make things that cost thousands of dollars. Some firms have high inventory exposures, others have low or no inventory exposures. This diversity does not exist in the banking field. There the great many insured operate in much the same way and handle the same thing. There is a homogeneity of risk, exposure and procedures.

Another diversity in the commercial field arises from the form of organization. If the firm is a partnership, the partners may carry most of the responsibility, thus reducing the exposure. If the firm is a corporation, this responsibility may be spread much more widely among many more persons, thereby increasing the exposure. In the commercial field there can be three risks in the same line of business, of the same size, doing the same volume; one is a proprietorship, another a partnership, and the third a corporation. The exposure is different in each case; there is a different set of standards as to responsibility for money. This does not indicate the variety produced by differences in book-keeping and accounting, in the quality and efficiency of management, etc.

This is why the system must be flexible and allow the underwriter room for the proper evaluation of insured's personnel within the framework of classification.

It has even been suggested that Surety Assn. set itself up as a check-

ing office, but this would require substitution of its judgment for that of underwriters, where judgment has influenced the decision. Any system can be circumvented. If the system is too rigid, the business goes to competition not controlled by the system.

The attraction of some other rating base such as gross sales or annual payroll is that the hope of a firmer ground on which to base rates, and the easier checking of results could be more easily checked; in other words, if an underwriter used too much "judgment," it would be obvious.

But Mr. Zimmerman thinks it is unlikely underwriters generally would favor either of these bases, and buyers have indicated their distaste for both. Gross sales are used as a rating base for products liability, and in that field have demonstrated some weaknesses. There are ways of getting more than one gross sales figure, depending on the purpose of its use. This does not account for difference in the character of gross sales dollars as between the large producer of high dollar value merchandise that sells rapidly in a business that is accustomed to high profits, compared with a business where competition is keen, the thing sold mostly service, profits slim, and volume in no way comparable. The exposure would not vary exactly in relation to the difference in dollars.

Gross sales do not constitute a pure element, unalterable from business to business. The figure would be subject to fluctuation under competitive pressure.

Workmen's compensation rating uses payrolls, and here again there are weaknesses and headaches which both underwriters and buyers of that coverage recognize.

The flexibility of the present commercial fidelity bond rating system merely permits the determination of proper personnel classifications based on an accurate analysis of duties and responsibilities. The flexibility is there for the benefit of insured. Insured certainly insists upon the difference in his business, a difference in essential character, in exposure, and in other factors.

There is some current optimism among underwriters that the commercial fidelity business is now over the worst and that losses will improve.

This optimism is partly due to the tightening up on rate making by underwriters, including those of the independents, who seem to be going back to early precepts and firmly measuring for rating purposes. If it is based on the idea that there are not so many losses, or that a greater percentage of them have been discovered and therefore there are fewer undiscovered ones lying about, Mr. Zimmerman does not think that the optimism is warranted.

Others in the business express the idea that there is probably some reflection of the excess profits tax position of the fidelity business in the loss ratios, via case reserves. But this operates within a very narrow range, and generally is realistic in the sense that it can go up with the range only in times of rising loss ratios. In fidelity there is always the chance that there will be additional discoveries of loss after the initial reserve is put up.

It is true that in fidelity the limit of cover is not so great as in third party liability, and the fidelity people can be more flexible on reserves.

Probably much of the criticism of the present rating system is due largely to what happens on target risks, the big ones. Competition squeezes the fat out of the premium on these lines. As a matter of fact, some underwriters believe they can do better on \$500 to \$1,000 premiums than on larger ones.

Just why the underwriters should sacrifice their judgment and the company's position on target risks is hard to see, except that some companies, perhaps some agents and brokers, are looking for name accounts. A company with a lot of other premiums might take a bond for many dollars less than a strictly bond insurer.

Figures show that the bad commercial fidelity classes are warehousing, personal loan establishments, retail stores, chain restaurants, express companies, trucking, credit unions, any firm with foreign operations, any branch operation or outside exposure involving salesmen and collectors.

The good risks likely are found in the unclassified section of the manual—manufacturing (in not too many locations and with not much cash handling), public utilities, labor unions, fraternals, colleges and universities.

Interestingly enough, the high fidel-

Important Casualty Bills Introduced in Washington

Several important measures affecting casualty insurance have been introduced in the Washington legislature.

Another attempt is being made to substitute the rule of comparative negligence for contributory negligence. A house bill would remove contributory negligence as a bar to recovery in tort cases, provided the defendant's negligence was found to be greater than the plaintiff's.

Another important bill would repeal the long standing host-guest statute which presently bars a guest from recovering damages from the operator of the car in which he is riding.

A senate bill would provide that actions in tort survive in the event of the death of the tortfeasor.

Inclusion of building service workers under the monopolistic Washington workmen's compensation act is sought in another bill. The Washington supreme court recently held unconstitutional a similar measure passed in 1951 on the ground that the bill was improperly drawn and failed to amend the act itself.

It is true that in fidelity the limit of cover is not so great as in third party liability, and the fidelity people can be more flexible on reserves.

In discussing this with sources other than the Surety Assn., it was brought out that in the commercial fidelity field, in 1951, the loss ratio on form 24, for commercial banks, was 56.3%, incurred to earned, and 75.9% on industrial banks. Clause D forgery ran 58.8%; clause E, forged securities, 63.8%; misplacement only, 86.3%. Investment bankers blanket bonds had a loss ratio of 73.23%; stock brokers 31.2%; credit unions, 97.1% and all financial institutions 53%. This was on \$17,500,000 of business with \$9,300,000 of losses, all companies.

Under commercial fidelity, mercantile class, automobile sales agencies had a loss ratio, incurred to earned, 62.4%; personal finance, 72.5%; collection and list companies 58.4%; cotton compress warehouses, 137.9%—these have always been bad; air transportation and express or delivery, 51.9%; grain elevators, 92.1%—all the grain disappeared; jewelers, 49.3%; labor trade unions, 38.9%; packing houses, 90.4% (there is a surcharge on this line of 50%). The bakery, dairy, laundry classification had a 53.9% loss ratio. This class has always been bad because of the retail character of the operations. Similarly, grocers, butchers and chain stores had 68.8%. There were \$15 million of premiums in the unclassified lines for a loss ratio of 45.8%. The over-all commercial field had \$30,793,000 of premiums with a 41.3% loss ratio. This compares with the bank premium of \$17 million at a 53% loss ratio.

Oddly enough, experience varies quite radically between companies. The total dollar intake indicates that this is a line with a narrow base and yet the risk is such that there is always the chance of a catastrophe. The insurers must collect in advance substantially more than is needed for current liabilities. For example, underwriters feel uneasy about blanket position bonds as a whole. A company can have 60 employees; if the bond is in the principal of \$25,000, there is an exposure of \$1,500,000.

Certainly companies need to collect what the risk is worth and the rating system calls for.



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Hospital - Medical Group Reviews Cost Problems

(CONTINUED FROM PAGE 29)

ask for rates which the companies feel are not only adequate today but which should be sufficient even if hospital rates continue to increase at the present pace, he asserted. While many companies are delaying doing this, indications are that they eventually will have to face up to the situation and take this step.

Most of the companies which have recently entered individual and family hospital insurance have come in at a somewhat higher rate level than the veterans in the field. One of the leading new companies is offering a guaranteed renewable hospital policy and includes a provision that it may change the premium rate.

A review of the actual operations of the individual hospital admission plan experiment at Columbus, Ohio, was given by James E. Powell, vice-president of Provident Life & Accident, who was instrumental in getting this plan into operation.

Optimism over the Columbus individual hospital admissions plan was expressed by Delbert L. Pugh, executive director of Columbus Hospital Federation. The plan is working now, he said, the only big problem being education of policyholders.

Mr. Pugh was emphatic in stressing the need for better understanding between hospitals and insurers. Some hospitals, because of difficulties they have had with insurance companies, would rather take a chance on collecting from the individual than from his insurer, he declared. However, in Columbus, where a group admissions plan has been in effect for two years, the determination of insurers and hospitals to make it work has been so strong that there has not been one case of refusal to pay.

Mr. Pugh said he has been asked if hospitals charge insurers more than individuals, and answered by saying that billing is done by machine and it would hardly be practical to try something like that. Hospitals have a CPA audit annually and employ a uniform billing system, he said. They are better managed than in the past. Rates are based on actual cost of operation. Hospitals have done an amazing job of handling themselves in a period of inflation, he added, while at the same time increasing their facilities. Today they offer safer treatment and a shorter stay.

Citing the records of one Columbus hospital, he said the cost of operation has increased 7% in five years. It now charges \$11 a day for a ward bed, figuring a cost of \$3 a day for dietary care and \$5 daily for nursing. Out of the less than \$3 that is left comes all the other overhead.

This hospital in 1940 handled 2,000 laboratory procedures, and in 1951 handled 800,000. This is due to the advances in medical science, and especially to the use of the so-called wonder drugs. Some of these drugs must be used in maximum doses to be effective, and tests must be made before they can be administered.

Of the operating costs of hospitals, 70% is for payroll, he said, mentioning that payrolls are increasing all the time. The possibility of a decline in hospital costs depends on to what degree the economy sags, he remarked, since an increasing payroll will counteract

any slight decline in other costs.

Even the fact that the average stay in the hospital is 7½ days does not cause an appreciable expense reduction, because the cost of getting a patient out of bed in that time is greater. The heavier costs of the first few days used to be evened out somewhat by the diminishing charges of a longer stay.

Asked what he would recommend companies should offer as miscellaneous benefits, Mr. Pugh said his idea is \$10 daily room and board plus \$200 for extras.

He was asked about the charge of \$1 or \$2 that hospitals make to fill out insurance forms. These forms are so numerous, Mr. Pugh answered, that one Columbus hospital has three girls on it full time. They must make some charge for that, and additionally he said he feels that the complete answers the hospitals give are worth something to the insurers.

REVIEWS CRITICISM

C. O. Pauley, conference managing director, discussed some of the criticism that has been leveled at hospital and medical insurance coverage recently, taking special note of the remarks and actions of Commissioner Maloney of California.

"That the conference companies have in the main done a satisfactory job in individual hospital and medical insurance, is proven by the rapid increase in the business," Mr. Pauley said. "If this were not true the political demand for compulsory state insurance in this field would long since have triumphed in at least some states."

There is no doubt room for improvement in advertising and sales literature, he admitted, and methods of selecting and training agents might stand continued improvement.

The large volume of new business being written makes a real problem of pre-existing conditions which will result later in hospitalization. Calling the applicant's attention forcibly to the fact that he will not be covered for anything which results in a condition existing at the time the policy becomes effective will eliminate some complaints, while more careful underwriting both in the field and at the home office will avoid others.

Although a company cannot pay for every pre-existing condition, no matter how serious, Mr. Pauley said the claimant should be given the benefit of every reasonable doubt, and when a claim is rejected on these grounds the insurers should have incontrovertible evidence to sustain its position. "Mere suspicion, however strong, is not sufficient."

Noting that Mr. Maloney suggested that the solution might be non-cancellable insurance, he commented that in the present condition of hospital and medical costs and the uncertainty as to their future course, not many companies would be willing to write non-cancellable hospitalization coverage. Legislation to that effect would almost certainly bring about state or federal government insurance. If the right of termination were not retained under present conditions, and in the interest of solvency, companies would have to charge so large a premium as to make the cost of the hospital and medical insurance beyond the reach of most of the people who now carry it. An occasional hardship is preferable to the large number who would be uninsured if all

such insurance were made non-cancellable, he said.

However, he advised that every possible means should be used to keep policies in force. Modification, extra premium, exclusion rider, and in family policies the exclusion of the impaired risk should all be explored before actual termination is employed.

If circumstances justify rejection of a claim or policy termination, Mr. Pauley said, this should be done with the utmost tact and every effort should be exerted to convince the policyholder that the company is justified in its action. A letter to the policyholder should be individual in approach and avoid any appearance of being a form letter. The form letter, he said, is cold and impersonal and the very use of it carries the implication that the action is a frequent and usual practice of a company. "It must be remembered that any such letter may fall into hostile hands."

Healthy competition, he said, along with improved underwriting and service to policyholders is the answer to the criticisms, rather than the use of non-cancellable insurance or other restrictive regulations.

Robert H. Rydman, assistant general counsel of the conference, reported that the uniform policy provisions law,

Mich. Blue Cross Rates Up

LANSING, MICH.—A higher rate schedule for Michigan Hospital Service (Blue Cross) will become effective April 1. The increases range from 20 cents monthly for single subscribers to 80 cents a month for family coverage for the 90% of members covered under a comprehensive group contract. Rates for medical-surgical coverage in the companion Michigan Medical Service (Blue Shield) are unchanged.

Standard monthly rates for hospital-surgical group coverage will be: Family ward contract, \$8.45 instead of \$7.65; semi-private, \$8.95 instead of \$8.15. Two-person ward contract, \$7.65 instead of \$6.85; semi-private, \$8.15 instead of \$7.35. Single subscriber ward, \$3 instead of \$2.80; semi-private, \$3.30 instead of \$3.10.

already passed in 17 states, is expected to pass during the current legislative sessions in Wyoming, South Dakota, Indiana and Florida. There are also hopes for Minnesota, Oklahoma and West Virginia. In Idaho and Arizona, the bill may be enacted, but it is not considered so important since there is no conflict in legislation.

Whether "stacking" or duplication of



To a salt-water man the Cape Cod dory means utility in its simplest form.

Silent partner to generations of raw-handed, hard working maritimers the dory still goes to sea—unchanged—to do the job it has always done.

No slide rule product of the naval architect's board its lines took shape under the knowing hands of people close to the sea.

Whaler, deepliner, lobsterman, lifesaver—each put his mark on the plans—each took the dory for his own. With it he mastered the sea—and made a way of life.

You, perhaps, don't need a dory—not more than one anyway. But if you're all at sea about group insurance you can use



- the utility
- the built-in know-how
- the proof of many tasks well done

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coverage under two or more policies constitutes a problem in the hospitalization and medical field was thoroughly investigated at the afternoon session the first day.

I. A. Weaver, Secured Casualty, led the discussion, during which talks were given by A. M. Hansen, Mutual Benefit H. & A.; A. G. Fankhauser, Continental Casualty; J. Philo Nelson, Blue Cross Commission, and Paul W. Watt, president of Washington National. There was also a spirited discussion from the floor.

The extent of the problem was still pretty much academic after the smoke had cleared away and such ramifications as polio cover, maternity benefits and disappearance of the hospital market had been treated.

Mr. Hansen noted that the problem is one affecting the claim departments. People are likely to buy additional insurance, he said, either because their old policies are inadequate, because companies were impractical in setting their limits, especially for local conditions, or because they haven't considered popular demand. An investigation of his claim department showed that 35% of stacked policies produced claims within two years, and that it is not uncommon for the total amount paid the insured on such policies to exceed the total bill as much as 150%.

To permit stacking is to permit selection against the company, he asserted. Often claims on this type of business come in so soon that not all the policies are in force. Companies allowing stacking are indirectly encouraging higher loss ratios, he said.

Practically no trouble with stacking has been experienced by Continental, Mr. Fankhauser said. After a check, he could find no material increase in payments on account of the existence of other coverage.

Mr. Fankhauser said Continental has a \$15 daily hospital limit maximum, paying on the indemnity basis, with miscellaneous up to ten times daily. The company limits its participation to \$15. If the insured has \$10 with another insurer, Continental will sell only \$5.

The incidence of claims for large indemnity tends to be higher, Mr. Fankhauser observed. This goes to the original insurability of the risk, he added, noting that a man who wants higher limits usually is the man who shouldn't have them. Selection against the company in large cases is noticeable, but not a problem, he concluded.

Mr. Nelson, who is executive director of Hospital Service of California, said stacking is a definite problem, especially in group. There is a great variance in the degree of it, however; where hospital beds are scarce, the problem is not so bad, but where there is enough hospital space, it is quite evident. "There is more stacking in group than you may be aware of," he declared, commenting that with the great rapidity of growth of A. & H. insurance it will become even more of a problem. It is incumbent on insurers, he said, to provide what the buyers want, and in a very substantial degree. When stacking is found in group cases, Mr. Nelson urged that one of the insurers get off the risk.

There is a little smoke around the issue of stacking, Mr. Watt said and it probably should be investigated as to its extent. Duplication of hospital and medical covers is not desirable, especially when the insured profits by it. The theory of insurance precludes paying in excess of the total loss. Mr. Watt said some surveys are being conducted on this problem, but they are not comprehensive enough. So far the indica-

tions are that only a small percent of insured have more than one policy. One hospital found only 6.6% of its patients had more than one policy. In another sampling, 88.2% carried just one policy.

Washington National sampled 500 applications on recently issued hospital policies and found 463 had no other cover—but of 500 claims on older policies, 426 had no other insurance. Twice as many people had duplicate insurance when the claim was presented, which Mr. Watt said might be attributed in part to the lower limits of the older policies.

If the insured is profiting on claims, Mr. Watt said it could mean the difference between red or black ink. The extent of the problem should be found, and if it is widespread the companies must be ready to make changes.

During the question period, Paul H. Schultz of National Masonic Provident declared the companies are leaving themselves wide open to stacking by not having their own sales force follow up on policyholders with inadequate limits, thus keeping the additional business in the originating company and at a desirable amount. This is the practice followed by fire, casualty and life companies, he observed.

H. B. Morris, American Health, said the salesman must have more zeal at the outset. It is easy to stack a man expecting a claim, not so easy when he feels he is not going to the hospital. Also, the companies should provide enough in their policies to eliminate the need for stacking.

W. J. C. Woodruff of Great Eastern Mutual Life of Denver said salesmen are beginning to have trouble finding prospects who don't have a hospital policy.

A. P. Dowlen, Republic National Life, asked if the problem had come up in polio insurance, where the amounts involved would be serious. It was noted that this corresponds to accident insurance in that the prospect has a hard time predicting the event. Mr. Fankhauser said duplication on polio is very rare with Continental.

Stacking is no problem, Christopher F. Lee, Columbian National Life, said, since the average man can't afford to buy excessive insurance. If, at the same time, a man needs additional insurance to meet the local hospital charges, why shouldn't the companies encourage it. A company may not offer high enough limits for the area, and the insured has every right to buy sufficient. The only time stacking becomes a problem, he declared, is on maternity.

Kewaskum Mutual Reports

Kewaskum Mutual in its new statement reports assets of \$374,540 which is an increase of about \$30,000. The surplus is \$181,311 which is an improvement of about \$20,000.

Net premiums written were \$164,868 which was an increase of \$8,710 and losses incurred were \$45,489, a decrease of \$12,633.

Richey Tennessee President

Casualty & Surety Assn. of Tennessee, meeting at Nashville, elected these officers: President, Philip L. Richey, Hartford Accident; vice-president, Ray L. Spence, Great American Indemnity; secretary, M. Van Smith, Fireman's Fund Indemnity; treasurer, James G. Hughes, Phoenix Indemnity.

Northern Declares Extra

Northern of N. Y. has declared an extra dividend of 25 cents a share on common stock, payable Feb. 16.

Bandy Named Chairman N.A.I.A. Casualty Committee

Joe H. Bandy of Nashville, Tenn., vice-chairman of the casualty committee of National Assn. of Insurance Agents, has been appointed chairman by President Walter M. Sheldon. He succeeds J. F. Nicolls, Houston, who was forced to resign due to ill health. Mr. Nicolls had been chairman of the casualty committee since 1950.

Mr. Bandy attended Vanderbilt University and entered the insurance business in 1925 in the Davis, Bradford & Corson agency. In 1936 he formed his own agency, Stokes-Bandy Co. He served as president of Nashville Insurance Exchange and of Tennessee Assn. of Insurance Agents.

In addition to serving on the N.A.I.A. casualty committee since 1950, he was also a member of the financed accounts committee for two years.

California Agents Out to Kill Temporary Licensing

California Assn. of Insurance Agents is aggressively sponsoring legislation to remove the certificate of convenience from the licensing law for agents. The present law permits a person to secure a license on a temporary basis for six months before taking an examination. Half of these never appear for the examination and more than 25% that do show up flunk, the agency leaders say. These bills are receiving support of the insurance department. The agents expect to encounter opposition from companies on this.

North America Directors To Make Coast Tour

PHILADELPHIA—The directors of North America will take a 10-day tour of the Pacific coast commencing April 3. They will survey the companies' operations on the coast and will meet leaders in coast affairs. The board's regular April meeting will be held at San Francisco, during that week. This will be the first time directors have ever met outside of Philadelphia.

Offices at Los Angeles, San Francisco and San Jose will be visited where the board will participate in meetings and receptions.

Thompson Is L. I. Head

Laurance Thompson has been promoted from assistant manager to manager of Indemnity of North America at Hempstead, L. I. He started in 1925 at the head office and subsequently had field experience. He was an air force officer during the war and has been at Hempstead since 1950.

Muller New Haven Manager

Wesley F. Muller has been appointed New Haven manager for American Fidelity, succeeding Loring E. Miller.

Charles Osborne, formerly of San Francisco, has been appointed assistant to Addison P. Knapp, who is in charge of the marine department at Portland, Ore., for Jewett, Barton, Leavy & Kern.

Hit Clubby Plan for Banks to Buy Excess Fidelity

(CONTINUED FROM PAGE 29)
those producers who are licensed in the various states to propagate this scheme."

"It is inconceivable," he went on, "that bankers characterized by this Lloyds' broker through his new league as causing undue losses due to defalcations could possibly convince themselves or their associates that they deserve this condemnation. Our legally licensed companies have worked too long with constructive elements in the banking field who are genuinely interested in the prevention of losses not to profit by those preventive measures which have been devised by I.P.C. of A.B.A. and N.A.B.A.C."

He said that the Chicago broker for a nominal fee can't do more than these fine organizations have done over many years. A recent bulletin of B.S.O.L., he said, recommends adoption of a procedure that was recommended previously by N.A.B.A.C.

He said he feels sure that the insurance commissioners will give heed to "this attempt to syphon off from licensed agents . . . the business which they have serviced so well for many years and to deprive the states of their just premium taxes."

After seven months of membership recruiting efforts, he said, only 140 banks have tentatively signed up to B.S.O.L. and he said about 90% of these were already customers of Scarborough.

Mr. Humphreys and Mr. Hicks and a number of others interested in B.S.O.L. went to Washington the other day to appear before F.D.I.C. and other government officials. Martin Lewis was there along with Edgar F. Foster, vice-president of Fidelity & Deposit. They asked to be let in on the meeting but the B.S.O.L. people said that this was a private interview and they were excluded.

Under the plan the league would buy from Lloyds a master blanket policy and banks that belong to the league could contract for their coverage from the league itself.

The league, according to Mr. Scarborough, has legal advice that the plan complies completely with all laws. The league is incorporated in Illinois which is one of the states in which London Lloyds is regularly licensed and the league would be the purchaser of the insurance.

St. Louis Groups Elect

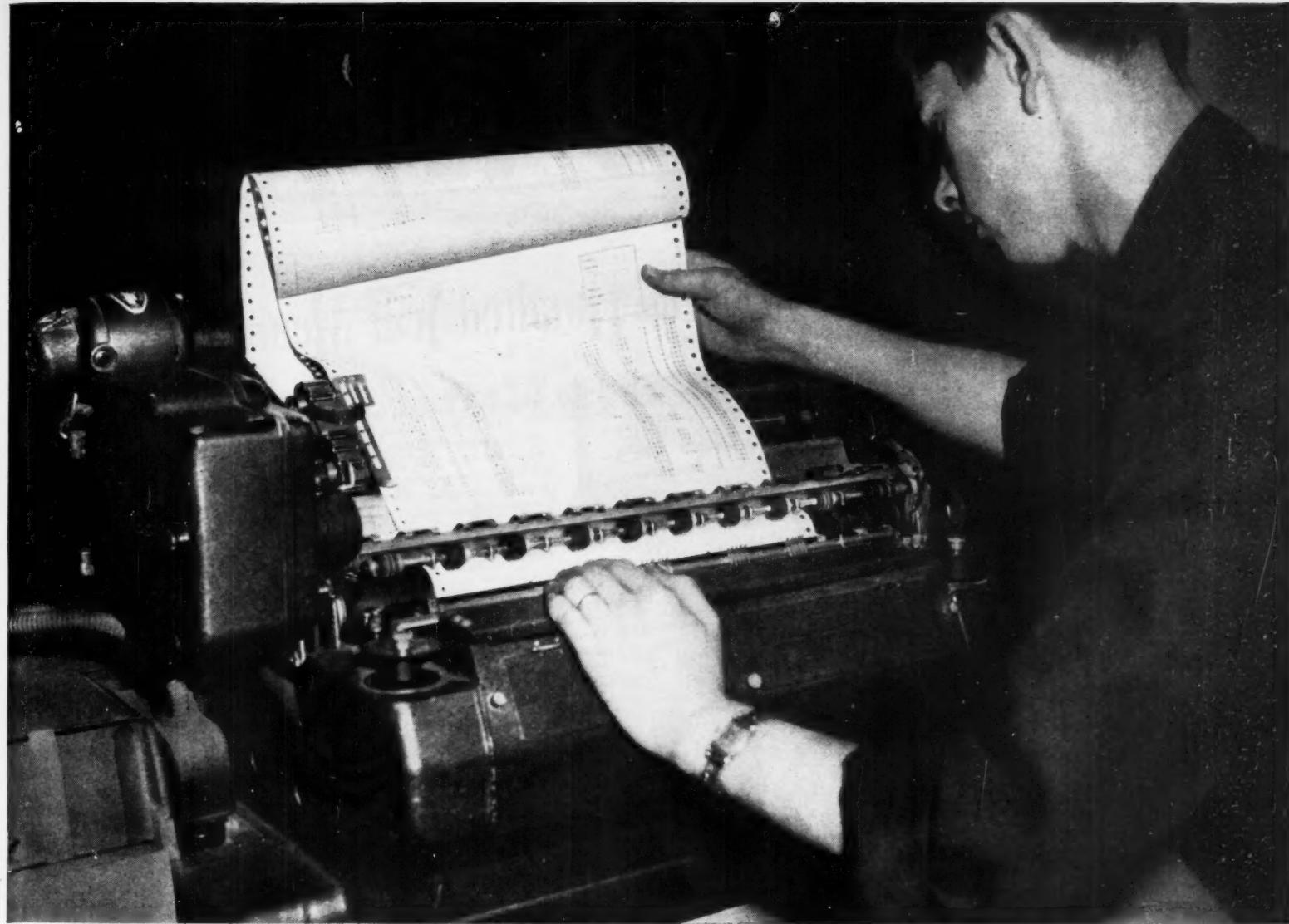
Casualty Executives Assn. of St. Louis has just elected E. C. Kottmeier, Fidelity & Casualty, president; James R. Seales, Fidelity & Deposit, vice-president, and William J. Creamer, Bituminous Casualty, secretary.

Surety Underwriters Assn. St. Louis elected John M. Thompson, New Amsterdam Casualty, president; Emerson K. Musgrave, Home Indemnity, vice-president, and Clarence J. Crockett, Maryland Casualty, secretary.

H. F. Sanderford Veeped

H. F. Sanderford, who has been treasurer of American Indemnity of Galveston, has now been elected vice-president and treasurer. Before joining American Indemnity in 1944, he was with the Texas board of insurance commissioners.

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What has a bank deposit slip to do with the cost of automobile insurance?

How much does it cost to make a bank deposit? Unimportant as the answer to this question may be to most people, it is a matter of serious concern to State Farm Mutual.

The reason, of course, is obvious. State Farm Mutual writes more full-coverage auto insurance than any other company, and does it on a semi-annual basis. With approximately 2,500,000 members at the end of 1952, almost *five million* separate premium payments were collected, totalling more than \$130,000,000.

The job of receiving, indorsing, recording, and depositing that many checks and money orders could be an expensive one—but at State Farm it isn't... and the machine pictured above is one big reason why. At one stroke, it not only makes out a bank transit letter to accompany bank deposits, but it also provides an accurate cash control sheet as a permanent record. And it does it 60 times faster than the same job could be done with ordinary office equipment.

The system works like clockwork. First step is punching business machine

cards for each policy up for renewal. These are first used for printing premium notices. Cards are then filed until remittances are received. Each remittance accompanies its appropriate card and is sent to the accounting department cashier. There the remittance is separated and the cards sent to the machine which prints bank transit letters and cash control sheets simultaneously, without possibility of discrepancy. A deposit of 50 items is handled in 20 seconds.

Only one thing makes the use of such advanced methods possible for State Farm. That is State Farm's centralized method of billing and collecting through home and branch offices. This not only permits mass-scale efficiency in handling, but also eliminates double bookkeeping by company and agent, and leaves the agent free for the more important work of enrolling and serving members, thereby increasing his income.

And this, of course, is only one of many ways in which State Farm's unique method of operation saves money for members, helps hold down the cost of State Farm insurance.

State Farm Insurance Companies

State Farm Mutual Automobile Insurance Company

State Farm Life Insurance Company

State Farm Fire and Casualty Company



*Home office—Bloomington, Illinois. Branch offices—Berkeley, California—St. Paul, Minnesota—Lincoln, Nebraska—Marshall, Michigan
Dallas, Texas—Charlottesville, Virginia—Toronto, Ontario. Field claim offices in more than 280 principal cities.*



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